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NEWS SUMMARY

Crisis aid offer by Government

The Prime Minister and key ministers yesterday decided that local authorities could cope with the effects of flooding and snow without central government setting up emergency machinery to co-ordinate relief work.

But at a special meeting at Number 10 called by Mrs Thatcher, it was agreed the Government would pay part of the bill for the damage.

As in 1979, local authorities will be able to claim 75 per cent of the excess over the product of a penny rate from central government.

Environment Secretary Michael Heseltine reported that conditions had improved slightly and that councils and emergency services were coping with the crisis. He believed the Government's response was being properly co-ordinated.

In Wales, part-time soldiers were ordered to report for duty to help dig out snow-bound communities.

The Territorials will join regular servicemen in Operation Snowman — a massive snow-clearing campaign. The Defence Ministry estimated up to 2,000 men will be employed.

Factories and schools throughout South Wales remained closed and all main roads were impassable. Electricity engineers were still struggling to restore power to about 7,000 homes.

In Scotland, temperatures were still so low in Tayside that road salt was no longer effective and in Northern Ireland farmers poured hundreds of gallons of milk away because tankers were unable to collect it.

Forecasters warned yesterday there would would be no let-up in the freezing conditions until at least Thursday.

GENERAL

Reagan bars sale of jets to Taiwan

President Ronald Reagan rejected Taiwan's request for advanced U.S. fighter aircraft in a move likely to enrage his right-wing supporters. Page 4

Truce survives

Labour's truce survived a meeting of the party's organisation committee when left and right agreed not to force divisive issues to a head.

Police for trial

Two Liverpool policemen were committed for trial accused of killing a man during the Toxteth riots. The two officers were granted bail.

Price rises ease

Wholesale prices increased in December by the smallest amount since the summer, but the year-on-year rise is still firmly in double figures. Back Page

Showjumper fined

International showjumper Harvey Smith was fined £75 by Harrogate magistrates for assaulting a man who insulted the Royal Family.

Censorship eased

Pakistan President Mohammad Zia Ul Haq partially lifted press censorship bot made olear a ban on political reporting would continue. Page 5

Army guns theft

Tory MP Eldon Griffiths called for a full inquiry into the theft of guns valued at £2,000 from an army barracks near Cambridge.

Minister survives

Malaysia's Foreign Minister waa rescued from dense jungle after surviving a plane crash which killed the other two men on board.

Invaders routed

Haitian Government said it had routed the vanguard of a 37-man Invasion force of exiles led by a Florida filling station operator.

Offer rejected

Israeli settlers who will bave to evacuate the Sinai when it is returned to Egypt in April rejected the latest £137m compensation offer. Page 5

Athens smog plan

Athens industrial production is to be cut by a third an dmotorists will be allowed to drive only on alternate days in an effort to disperse a pollution cloud.

Briefly . . .

Philippines was shaken by a strong earthquake.

Italian ex-convicts demanding jobs clashed with police in Naples.

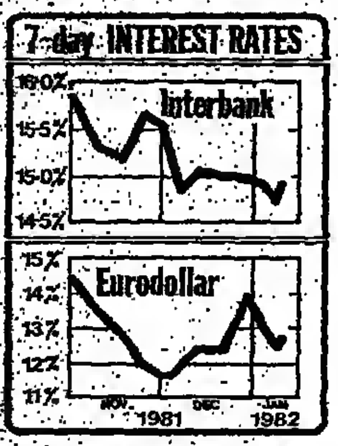
BUSINESS

Dollar advances; Gilts ease

● DOLLAR rose to DM 2.283 (DM 2.2585), SwFr 1.8535 (SwFr 1.8265) and Y223.25 (Y221.35), reflecting a firmer trend in Eurodollar rates. Its trade-weighted index was 108.2 (107.3). Page 20

● STERLING lost 3.25c at $1.8865. It was also lower at DM 4.3075 (DM 4.335) and SwFr 3.4975 (SwFr 3.5075). Its Bank of England index was 91.0 (91.8). Page 20

● Eurodollar interest rates rose, largely in response to the smaller than expected fall of the U.S. money supply. The seven-day rate rose to 12¾ per cent (12¼ per cent), and the three-month rate rose to 14 per cent (13¾ per cent).



● EQUITIES saw investment interest blunted by threatened rail and miners' strikes. The FT 30-share index was 0.8 off at 530.6. Page 26

● GILTS were also easier. The Government Securities index was 0.10 lower at 62.14. Page 26

● GOLD fell $11.5 to a 26-month low of $389 in London. In New York the Comex January close was $385.8. Page 20

● WALL STREET was off 10.46 at 856.07 before the close. Page 24

● ROYAL BANK of Scotland group lost over £100m of its stock market value on reports that the Monopolies and Mergers Commission rejected two bids for it. Back Page

● BRITISH STEEL faces more job losses and closures because of U.S. steel producers' anti-dumping suits. Back Page

● CHINA'S industrial output grew 4 per cent last year, one point more than planned, to a value of Yuan 519bn (£155bn).

● HESKETH Motorcycles will this week turn out the first production model of its long-delayed 1,000 cc motorcycle from its Daventry assembly line. Page 7

● A. G. BARR, soft drink-maker, reported pre-tax profits for the 53 weeks to October 31 of £3.28m, up from £2.57m for the previous 52 weeks. Page 18

Nato allies join U.S. in condemning repression in Poland

BY JOHN WYLES IN BRUSSELS

EUROPEAN members of Nato yesterday rallied round the U.S. with a toughly-worded denunciation of repression in Poland and a warning that the Polish and Soviet Governments might face political and economic reprisals. But the allies agreed only to "study" possible actions.

Attacking "the massive violation of human rights and suppression of fundamental civil liberties in Poland," Nato Foreign Ministers meeting in Brussels, also condemned Moscow. "The Soviet Union has no right to determine the political and social development of Poland," they said.

The ministers officially suspended "for the time being" negotiations on the rescheduling of Poland's official debt to the West, due to be repaid this year.

They also agreed to withhold any further credits for Poland other than those needed for food purchases.

At the same time, they undertook to continue supplying Poland with humanitarian aid provided it reached the people for whom it was intended.

Turning to the Soviet Union, yesterday's communique said the Allies would examine possible measures affecting imports from Russia, maritime and air services agreements with Moscow, the size of Soviet commercial representation in their countries and the conditions surrounding export credits.

They also undertook to "reflect" on longer-term East-West economic relations "particularly energy, agricultural commodities and other goods, and the export of technology."

Although there is no clear timetable for imposition of these measures, it was agreed that each member of Nato would act "in accordance with its own situation and legislation" to identify "appropriate national possibilities for action." These would also include restrictions on the movement of Soviet and Polish diplomats.

Lord Carrington, the British Foreign Secretary, said that Nato believed it had "demonstrated that the Alliance was determined not to be seen in disarray" and not to be divided by Soviet tactics.

Stressing the Soviet responsibility for events in Poland, yesterday's declaration warned that the crisis could damage arms control negotiations in Geneva. Mr Alexander Haig, the U.S. Secretary of State, warned last night that the "atmospherics" might not now be good enough for the negotiations to make progress.

Last night's semblance of harmony in the Alliance appeared more fragile, however, than many ministers were ready to admit. It seemed to have been secured by glossing over some serious points of contention.

In addition, the ministers were deliberately vague about the precise nature of actions to be launched against the Soviet Union and when. Nato economic experts will meet next week to try to co-ordinate government policies.

Peter Montagnon adds: Suspension by Western governments of talks to reschedule Polish debts falling due in 1982 would make it impossible for Western banks to begin discussions on commercial debts falling due this year, Western bankers said last night.

Unlike the governments, the banks have not yet signed an agreement with Poland on debt falling due last year.

Poland has to repay or reschedule debt falling due to the West of more than $6bn this year of which $2.5bn to $3bn is owed to Western governments.

Poles look fearfully towards future, Page 3
Polish row hits TUC links with East Germany, Page 10
Editorial Comment, Page 16
Milterrand and Schmidt to meet, Back Page

ICL and Muirhead set to acquire parts of Nexos

BY GUY DE JONQUIERES

ICL, BRITAIN'S leading computer manufacturer, and the Muirhead facsimile group are set to take over much of the remaining business of Nexos, the loss-making office automation company in which the National Enterprise Board has invested £30m.

Agreements in principle were signed yesterday under which ICL would acquire marketing rights to Nexos's word processor, while Nexos's facsimile machine interests would be taken over by a joint venture between Muirhead and the NEB.

The arrangements were announced after the abrupt termination of negotiations between the NEB and Gestetner, the copier and duplicator group, on a plan to form a joint company to take over the development, manufacturing and marketing of the Nexos word processing machine.

Nexos was set up as an NEB subsidiary in early 1979 in a bid to break into the emerging market for sophisticated office systems. But it never succeeded in establishing itself and has lost more than £15m. It employs a staff of about 250.

Gestetner said it had withdrawn because the British Technology Group (BTG) — of which the NEB is a part — had been unable "to meet its obligations" under an agreement in principle which it had reached with Gestetner on November 30.

This was understood to refer to the failure of the NEB's attempts to help Gestetner acquire effective control of Logica VTS, which makes the Nexos word processor. Logica VTS is owned 43 per cent by the NEB and 57 per cent by Logica, a leading London-based computer systems house which designed the Nexos machine.

Under the arrangements announced yesterday, Logica would retain control of Logica VTS. Logica has also reached an agreement to acquire or find buyers for the NEB's interest in the joint subsidiary within the next year.

The agreement in principle envisages that Logica and ICL will both market the Nexos word processor and will collaborate in the development of future versions, which ICL will have the right to manufacture. It is expected that production will rise significantly from its recent annual rate of about 1,000 units.

ICL has agreed to acquire assets from Nexos, mainly stocks, at net book value. It was unclear yesterday whether ICL would make any other payment to the NEB in return for acquiring the marketing rights to the word processor.

Nexos's facsimile business is due to be acquired by Muirhead Office Systems, owned 75 per cent by Muirhead and 25 per cent by the NEB. Muirhead has agreed to transfer its document facsimile business to the joint subsidiary.

It is understood that this agreement involves no cash transaction, though both the NEB and Muirhead plan to inject modest sums into the joint venture.

Call to suspend ACC shares

BY JOHN MOORE

LORD GRADE and his fellow directors of Associated Communications Corporation, the entertainments conglomerate, asked for the group's shares to be suspended on the London stockmarket yesterday morning "pending a further announcement regarding control of the company."

Lord Grade, 75, is now widely expected to relinquish the chairmanship and his role as chief executive, selling his controlling holdings in the voting shares to business interests of Mr Robert Holmes à Court, the Australian magnate. This may involve a change in control of Central Television, the Midlands contractor in which ACC has a 51 per cent holding.

The non-voting "A" shares, which are held by more than 11,000 shareholders, were suspended on the stockmarket at 52p.

Lord Grade and his wife hold 27.8 per cent of the voting shares of Associated, and another member of the Grade family, Mr Paul Grade, holds a stake of about 1.7 per cent.

Mr Holmes à Court holds 3 per cent of the voting shares and nearly 51 per cent of the non-voting shares and was recently appointed a director of Associated.

The planned shake-up in control of Associated Communications could lead to Lord Grade assuming the title of president. It is taking place as Associated is defending in the courts a record compensation payment to Mr Jack Gill, its former managing director.

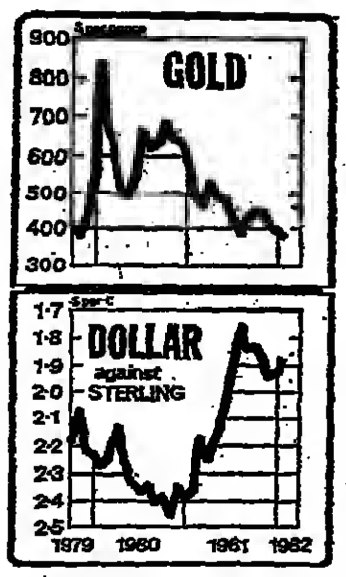
Lawyers for Associated appeared before Mr Justice Slade in the Companies' Court to defend a payment of £560,000 to Mr Gill and a provision to allow him to buy a £275,000 company house for £165,832.

The Post Office Staff Superannuation Fund, which holds 2.5 per cent of Associated's non-voting shares (supported by the National Association of Pension Funds, and 10 other institutional shareholders, with 14 funds invested in Associated, is seeking an injunction to block the payment.

Mr Justice Slade gave leave to the defendants for a 14-day adjournment while they prepare a case in support of the payment. Meanwhile, Associated must continue to undertake not to make over to Mr Gill any part of the compensation.

The injunction questions whether an option agreement on the sale of the house to Mr Gill was properly entered into. The petition also alleges that the option agreement on the house deal was not disclosed in the 1980 company accounts, nor in the prior year's accounts of

Continued on Back Page



Gold falls to $389

By David Marsh

THE LONDON gold price fell yesterday to $389 an ounce, the lowest for more than two years, as higher U.S. interest rates sparked off a fresh surge of investment funds into dollar deposits.

No significant gold sales by the Soviet Union have been registered so far this year. But dealers generally feel that Moscow will son have to start selling again in view of strained East Bloc finances. This is adding to downward pressures on the bullion market.

Generally firmer Eurodollar interest rates drove the U.S. currency sharply higher on the European foreign exchanges. Sterling closed in London at $1.8865, a fall of 3.25 cents compared with Friday and its lowest since Christmas.

The trade weighted index of the pound's value against a basket of other currencies

Continued on Back Page
Money Markets, Page 20
Lex, Back Page

All-out strike vote by militant rail branches

BY PHILIP BASSETT, LABOUR STAFF

TRAIN-DRIVERS union leaders are being pressed by local branches to launch an all-out strike from midnight on Saturday, to follow the two-day stoppage due from tonight.

The Associated Society of Locomotive Engineers and Firemen, which has called tonight's action, yesterday had talks with British Rail, but the talks broke down and there seemed little hope that the action would be called off.

There will be no trains after about 10 pm tonight and services will not resume until Friday morning if the action goes ahead, BR said yesterday. Though the strike is not due to begin until midnight, drivers will finish work at the end of their shifts.

British Rail said no overnight trains would run from last night until Friday night. The system would be shut down progressively from 10 pm tonight to get rolling-stock into the best position for a return to work on Friday. Carriage of livestock and perishable traffic which could not be ensured delivery today has been suspended.

A large number of militant branches, including those at Kings Cross, Euston, Victoria and Waterloo stations in London, and others at Colchester, in East Anglia, on Merseyside and in Yorkshire, have voted for an indefinite strike from Saturday night.

The union's executive was last night considering what action to take to follow the two-day strike. The branch pressure seemed likely to make itself felt.

Branch militancy was reflected in a decision by Kings Cross guards yesterday. The guards are members of the National Union of Railwaymen and are not directly affected by the present pay and productivity dispute between British Rail and its drivers. They voted to stage two one-day lightning strikes over the next fortnight in support of the drivers' position.

The abortive talks between Aslef and British Rail got under way yesterday only after BR agreed that they should not take the form of a meeting of the Railway Staffs National Council, the industry's highest-level negotiating body.

Aslef insisted that it was not prepared to negotiate on BR's decision to withhold payment of the 3 per cent second stage of this year's two-part 11 per cent pay deal.

British Rail, equally, seemed unprepared to shift from its insistence that the 3 per cent would not be paid until the drivers agreed to more flexible working patterns.

The distance between the two sides was emphasised by Mr Derrick Fullick, Aslef's newly-elected president. He said he would never agree to a deal which compromised the union's traditional eight-hour working day.

'No more offers,' coal miners told, Page 10

Tate & Lyle gives site to Government

BY PAUL HANNON

TATE & LYLE has given its Liverpool cane sugar refinery, closed in April with the loss of 1,570 jobs, to the Government. Together with a cash sum to help the 21-acre site suitable for redevelopment, the gift is worth about £1m.

The refinery bequest was made following the appeal made by Mr Michael Heseltine, Secretary for the Environment, after the Toxteth riots in Liverpool last summer for private enterprise to play a major role in redeveloping the area's industrial fabric.

Tate & Lyle is not disclosing the size of its cash contribution toward the site preparation work, and no value has been placed on the industrial site. But the company put the total value at £1m.

A large part of the 21-acre site will be demolished and rebuilt with modern warehousing, office space and possibly residential units. Details have yet to be settled by English Industrial Estates, the government agency for the development of industrial sites in assisted areas.

Before the Toxteth riots Tate and Lyle bad drawn up plans to divide and sub-let parts of the site. These were shelved after Mr Heseltine's appeal. The company said it hoped the new plan would help create permanent new employment in the area.

Tate & Lyle's move comes at a time of depression in the Liverpool industrial property market. A total of 5.8m square feet of factory and warehouse space is vacant in the West Merseyside district with no tenants for seven buildings in excess of 100,000 square feet. The maximum rent obtainable now in the Liverpool commercial property market is about £1.20 a square foot.

Tate & Lyle stressed that the move was simply a gift (since the company will cease to retain any interest in the site) and was an indication of the company's 114 year "long and fruitful association with the area."

Losses at the Liverpool refinery during its last year of operation amounted to £10m against the company's total pre-tax profit in 1980 of £32.5m.

£ in New York

	Jan. 8	previous
Spot	$1.9025 9055	$1.9195 9210
1 month	0.34-0.29 dis	0.34-0.29 dis
3 months	0.75 0.66 dis	0.78-0.70 dis
12 months	1.00-0.80 dis	1.15 0.95 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Assoc. British Foods	151	+ 6		
Assoc. Paper	47	+ 3		
Barr (A. G.)	215	+ 10		
Bejam	120	+ 7		
Carclo	72	+ 10		
Change Wares	33	+ 6		
Ellis & Everard	128	+ 10		
Ferranti	645	+ 20		
Ford (Martin)	34	+ 2		
HK & Shanghai	139	+ 11		
Manders	166	+ 8		
Paradise (B.)	41	+ 4		
Rank Org.	180	+ 4		
R.H.M.	65	+ 3		
Stand. Chrtd. Bank	680	+ 17		
Tern-Consulate	60	+ 5		
Union Discount	410	+ 10		
Berkeley Explortn.	365	+ 20		
Nickelore	30	+ 4		

FALLS		
Bank of Scotland	478	— 40
General Accident	302	— 6
Midland Bank	340	— 6
Ryl. Bk. Scotland	143	— 49
Scan Data	90	— 15
Stanelco	38	— 17
Trusthouse Forte	116	— 5
Buffels	£16¼	— 1¼
Cons. Gold Fields	465	— 8
De Beers Dfd.	343	— 9
Gencor	925	— 25
Impala Plat.	305	— 20
Libanon	785	— 51

CONTENTS

For latest Share Index phone 01-246 8026

Giles Merritt asks whether there will be an explosion in a key EEC market

U.S. chokes off Europe's steel safety valve

THE SAFETY valve which the U.S. market provides for Europe's steel makers has been given a savage twist towards the "off" position by the American producers' sudden spate of anti-dumping suits. So the question now is whether, or eveo when, there will be an explosion in the EEC steel market.

The odds on a collapse back into chaos and a damaging European steel prices war are not encouraging. If the U.S. law suits have their predicted effect of chokiog off steel exports across the Atlantic, theo several million toones of unwanted steel could soon be destabilising the delicate halance achieved over the past 15 mooths in the EEC's hard-hit steel sector.

The precedents for such a breakdown of tbe Europeao Commissioo's present regime of prices aod productioo cootrols are dauoting. The latest U.S. protectionist moves — through legal actions before the International Trade Commissioo in Washingtoo — come just two years after the last onset of American anti-dumping suits. Tbe backwash of that was a drop in EEC steel exports to the U.S. from 7.4m tonnes io 1979 to 3.9m tonnes in 1980. The price for Europeao governmeots was emergeocy bail-outs for maoy of their steel giants, as cut-throat price competition inside the EEC led to mounting losses for the steel makers.

The preseot rescue plan, combining voluntary and mandatory disciplines, was horn out of that crisis, after several autumn months when it seemed that Europe's steel industry was hent on the most brutal form of "restructuring" through market forces.

Using the "manifest crisis" powers that had, until October 1980 heen only the theoretical backstop of Article 58 of the European Coal and Steel Community's Treaty of Paris, Brussels took oo the role of steel overlord to operate a system which meshes imposed quarterly productioo quotas for some 450 different steelmakers with agreed rises io EEC steel prices.

The European Commuuity's use of mandatory controls has helped to calm the volatile steel industry. But, like a oew law which has to he acceptable to the citizeory if it is to he eoforceable, the quotas and their linked prices are only workahle for as long as the EEC steel industry tolerates them.

So far, apart from a few hreaches which were countered by fines and occasional legal challenges, the system has beeo widely respected. During the secood half of 1981, ordinary steel prices rose by around 25 per cent, and those of some special steels by 40 per cent. At the eod of the first year of the crisis regime, EEC steel output had dropped by almost 5 per ceot. Less steel was commanding firmer prices, and the steelmakers and their governments could agree that in principle susidies to the industry should halt in 1985.

> If the U.S. lawsuits hold back steel exports across the Atlantic, the several million tonnes of unwanted steel could soon be destabilising the delicate balance achieved over the past 15 months in the EEC's hard-hit steel sector.

But the régime has yet to withstand the strains which a sharp reduction io exports to the U.S. will produce. A fundamental worry is that, although the disciplines have yielded calmer conditions in the EEC market, they have not tackled the roots of the industry's problems.

The Brussels Commission's attempts to force plant closures and so reduce overcapacity have met with little success. Output of crude steel, now running at about 10.4m tonnes a month in the EEC, is at less than 60 per cent of installed capacity. Brussels' aim is to raise that to 85 per cent, but on its latest projections the 1980 capacity total of 202m tonnes a year will drop only 5m tounes by 1984.

Some figures suggest that restructuring is going ahead, such as the 66,000 reduction in the EEC steel workforce in the year since August 1980 to 564,000, but the seeds of renewed market chaos remain.

It is already clear that Viscount Etienne Davignon, the EEC Industry Commissioner, does not view the current U.S. anti-dumping onslaught with the same apparent equanimity as two years ago.

At that time, he saw "no reason to panic," while anticipating that the then voluntary system of prices and delivery disciplines would need to be more closely monitored to avoid any possihilty of a prices war.

Now, he envisages a programme of emergency support measures which would at least sbelter the EEC steelmakers from the worst effects of the U.S. actions and so shore up the steel régime.

With any luck, time is at least on the European Commission's side. Viscount Davignon pointed out yesterday that continued weak domestic demand for steel in the U.S. meant that EEC steel producers had not heen counting on sustaining a high level of exports there in 1982.

Although EEC steel exports bad in the later months of last year risen to an annualised level of 6m tonnes, expectations of a slowdown, coupled with projections of a significant improvement io Europeao steel demand, could reduce the safety valve importance of the U.S. market, at any rate, said Viscount Davignon, until the second half of 1982.

EEC Industry Ministers will have their first opportunity to hear the Commission's assessment of the new situation when they meet in Brussels tomorrow

Viscount Davignon will no douht reassure them that no split-second decisions on a new subsidies safety net are needed, bot will probahly also warn them that the position is nevertheless grave.

But in spite of the price rises, the latest of which this mooth hoosts prices hy a further 12.5 per cent, steelmakers are increasingly heing squeezed by costs. Some special steel producers are claiming that the loss-making gap between their costs and selling prices is now 10 per cent.

Socialists assail Balsemao

By Diana Smith in Lisbon

THE PORTUGUESE Socialist Party has opened a campaign against the centre-right coalition Government headed by Sr Francisco Pinto Balsemao.

Sr Balsemao's weak and unpopular administration, widely blamed for the country's economic straits, is also the target of a barrage of strikes declared by pro-Communists unions with the aim of forcing a snap general election.

Although there are important local elections at the end of this year, a general election is not due constitutionally until 1984, the year Portugal hopes to join the European Community.

The Socialists' declaration of total opposition, backed by mass rallies and other political acts, coincides with the final stages of the review by a parliamentary committee of the Socialist-leaning 1976 constitution.

All parties have been working on the review hehind the scenes apparently withont undne frictioo

While opposition parties herald the imminent collapse of the Balsemao coalition, the Prime Minister himself is planning a marathon tour of all EEC capitals from the end of January to press for accelerated negotiations on entry.

Swedish coalition fails to curb budget deficit

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH Government will not keep its promise to cut its heavy bndget deficit this year. The Budget Bill for the 1982-83 fiscal year starting July 1, tabled yesterday by the minority Centre-Liberal coalition, shows a deficit of SKr 82.6bn (£7.8bn) on total expenditure of SKr 242.4bn.

The deficit remains unchanged at just over 13 per cent of gross national product. The Government's avowed target was to reduce the deficit annually by 1 per cent of GNP.

The fastest expanding item io the budget is the interest payahle oo the state deht which is calculated to leap from SKr 26.3ho to SKr 39.4bn in 1982-83. Overall expenditure will rise by just over 1 per cent which represents a slower rate of growth.

When the krona was devalned io September, the Government reiterated its intention of cutting projected hudget expenditure by SKr 12bn in 1982-83. The actual cuts shown amount to SKr 9.7bn.

Mr Rolf Wirten, the Budget Minister, nevertheless insisted yesterday that the hudget represented a genuine turning point in public spending treods which would become apparent next year.

The curbs on spending—mainly oo local authorities, sickness henefits, unemployment relief, schools and housing grants—would amount to SKr 13.4bn in the 1983 caleodar year, he said.

The Government counts on support from the Moderates (Conservatives) to pass the separate legislation needed to implement several of the curbs.

Mr Olof Palme, the Social Democrat opposition leader, described the budget as pitiable criticising harshly some of the cuts in social benefits. The Social Democrats, who expect to return to power after the general election in September argue that some increase in taxation is inevitable.

Palme . . . bitter criticism

The only tax increases in the budget are on petrol and heating oil. The ruling Centre and Liberal parties agree with the Moderates that higher taxes will produce no real increase in budget income.

Government strategy, outlined in the 1982 finance plan accompanying the budget Bill relies on the boost to exports and industrial output expected to result from the September devaluation. The plan foresees a 7 per cent improvement in Swedish industrial cocmpetitiveness in 1982, a 7 per cent growth in export volume and the recovery of some 4 per cent of foreign market shares.

THE RACE FOR PRODUCTIVITY

Labour costs worry W. German employers

BY JONATHAN CARR IN BONN

THE ANNUAL wage negotiations in West Germany's key metal-working sector begin today, with the trade unions under stronger pressure than ever from the employers to settle for an increase well below the rate of inflation.

But how does West Germany compare with its main rivals in terms of industrial labour costs and productivity? A recent report hy the Dresdoer Bank shows that while the West Germans are still high on the "international league table." there is no ground for complacency.

Of the nine other countries examined, four of them—Japan, the U.S., France and the Netherlands—have lower unit labour costs than West Germany.

The tahle shows that in terms of hourly lahour costs alone (including social charges and fringe benefits), West Germany is third highest after Belgium and Sweden, while Japan, Britain and Spain bring up the rear.

Compared with the position a year ago, the most striking change has been between West Germany and the U.S.

In autumn, 1980, hourly lahour costs in West Germany were estimated at DM 23.40 and those io the U.S. at DM 18.20—at the then dollar-Deutsche mark exchange rate of DM 1.82.

Last autumn, with the dollar hovering around DM 2.20, there was little difference between the two.

However, the figures say little about relative competitiveness, unless productivity is takeo into account too. Column three shows hourly output per worker in each of the 10 countries—that is, the total value added in industry divided by the number of man-hours worked. As with the hourly labour costs, the bank has taken the different countries' data, converted it to a common currency (the Deutsche Mark) and expressed it as an index (with West Germany equalling 100). By this measurement the U.S. emerges as productivity king, with the West Germans close behind.

Finally, column four gives what the Bank calls "the acid test, from a labour point of view, of a country's competiveness in international trade, regardless of currency movements."

It shows hourly labour costs divided by hourly productivity to produce an index of unit labour costs—where, as noted, the West Germans come sixth.

LABOUR COSTS AND PRODUCTIVITY IN THE MANUFACTURING INDUSTRY OF MAJOR COUNTRIES*

	Hourly labour costs† in in D-Marks	Hourly labour costs† as index (W. Germany =100)	Hourly productivity‡ as index (W. Germany =100)	Unit labour costs§ as index (W. Germany =100)
Belgium	25.50	102	89	115
Sweden	25.20	101	87	116
W. Germany	25.00	100	100	100
U.S.	24.50	98	102	96
Netherlands	24.10	96	97	99
Italy	19.90	80	68	118
France	18.40	74	83	89
Japan	16.20	65	78	83
UK	14.20	57	50	114
Spain	12.60	50	47	106

* Position in Autumn, 1981. † Including social charges and fringe benefits. ‡Output per man-hour worked in terms of same currency. § Column two divided by column three.

Source: Dresdoer Bank

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Christopher Bobinski reports from Warsaw on the mood of deep pessimism pervading Poland

Poles look fearfully towards neo-Stalinist future

AFTER FOUR weeks of martial law everyday life in Poland is slowly resuming as the military authorities reopen the city telephone lines and start to lift their Draconian restrictions. But the pall which fell over Poland on December 13 has not lifted and most Poles look forward bitterly to a neo-Stalinist dark age.

Intellectuals are openly pessimistic about the future. Journalists who are being subjected to the most thorough of return to the liberal Press of the post-1980 August period. Workers deprived of their rights, with the Solidarity union suspended and its leaders interned, are silent and mistrustful.

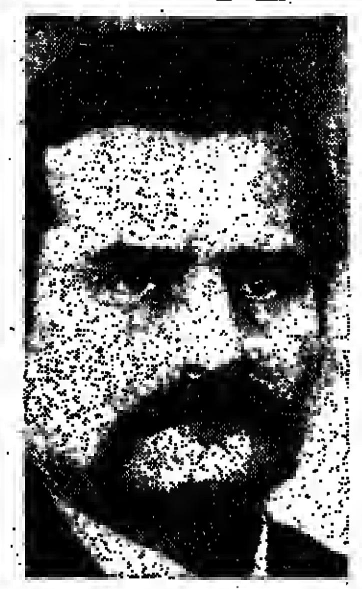
The arrests and trials of the leaders of the strikes against martial law last month, the sackings and pressure to make loyalty declarations in industry have all led to deep resentment. The restrictions on workers' freedoms imposed by the militarisation of key industries and the consequent humiliation can only lead to another outburst of anger at some time in the future.

Farmers are also wary of the threat of compulsory deliveries of farm produce to the state and are waiting to see what the new regime will bring. Meanwhile, sales to the state have not increased enough to make any difference to the sparsely-supplied shops.

If, as the authorities insist, the imposition of martial law was essential to counter a threat to the system on the part of Solidarity, the move by itself has resolved none of the economic and political problems Poland has faced since December 1970.

In many ways the problems have become even more intractable since December 13 an dthe risk now is of a viciosu circl, with repression breeding further repression and discontent. The longer martial law lasts, the more difficult it may become to return to civil rule and civil rights without an outburst of anger at the injustices and pain of the military clampdown.

What is more, the military crackdown and consequent bitter divisions within the Communist party itself has given a dominant role to the most reactionary sections of the establishment. The real risk now is that the execution of martial law wll lslip incerasingly from the graps of the army and into the hands of the police.



Poland's military authorities have binted that they may start exelnding Mr Lech Walesa (left), Solidarity's leader, from their plans for a more amenable union movement, according to well-informed officials quoted by Reuter in Warsaw. This conflicts with earlier reports that the military had hoped to persnade Mr Walesa to resume his Solidarity leadership once the movement had been trimmed of radicals and those considered "anti-Communist."

On January 8, a close adviser to Gen Jaruzelski, said on Danish television that "Walesa wonld soon return to political life as a trade union leader — I emphasise, as a trade union leader."

The lack of political solutions to the crisis furthermore ia expetced to lead to both open and clandestine resistance which will, in turn, only strengthen the naturally repressive reflex of the Comunist system.

Youog people, both students and workers, already talk freely, prehaps too freely, of conspiracy and underground resistance. But such movements are wide open to infiltration.

The break-up of such infiltrated underground movements will provide additional ammunition for conservatives seeking to maintain controls as long as possible. Many, perhaps most Poles, feel that what the country now faces is a slide into a form of neo-Stalinism.

The Roman Catholic Church, meanwhile, seems prepared to give General Wojciech Jaruzelski the beoefit of the doubt. The meeting on Saturday between Archbishop Josef Glemp and the General shows that the Church has decided to give the military authorities time.

In an important sermoo last week in Warsaw's St John's Cathedral, the Archbishop forbade Catholics from answering violence with violence. This was aimed at helping to create an atmosphere in which the martial law authorities will be able to lift restrictions. The Church feels this will not happen if the authorities feel threatened.

The Church is also predictably unhappy about the sacking of people deemed disloyal by the authorities, the tone of official propaganda and, last but not least, the conditions and fate of the thousands of internees' still being held. .... But there is a considerable risk that this kind of private diplomacy will lead to a fall in the standing of the Church leadership. It could also find itself being used as a pawn in a game to ensure continued submision to martial law although the prestige of Pope John Paul both inside the country and abroad helps to ensure against this.

The threat of economic sanctions being imposed by Western Europe as well as the U.S. worries the authorities. They are well aware that the economic crisis is so deep that Comecon can do little to help.

On January 20, Gen Jaruzelski will have the opportunity to declare his future intentions in an important speech in Parliament. He ia expected to visit Moscow for consultations before hand. What Poles are waiting to see is whether the military intend to try to reach an agreement with Solidarity or force the working class back into some form of the discredited official branch unions.

Yugoslav party adds voice to European criticism

BY PAUL LENDVAI, RECENTLY IN BELGRADE

LEADERS OF the Yugoslav Communist Party have joined the Italian and Spanish parties in strongly criticising the military coup in Poland. This follows growing protests by intellectuals and younger Communist party members about Yugoslavia's originally low-key response.

The Yugoslav party blames the Polish crisis on Poland's Communist Party for allowing its authority to drain away by its actions following the crises of 1970, 1976 and 1980. This led to a vacuum of power and authority, eventually filled by the army as the only real instrument of power left.

The leadership of the Yugoslav party has come in for increasing criticism by intellectuals and younger members for being both "too lukewarm" and "too late" in stating its views on the Polish events. Even the latest party resolution which was passed by the central committee before Christmas and approved by the party praesidium on January 8, has not been made public but merely distributed to the 2.2m members. This contrasts strongly with the sharp and immediate public condemnation which followed the Soviet invasion of Czechoslovakia.

A senior Foreign Ministry official explained that Yugoslav restraint in its official statements reflected the hope that Soviet intervention could be avoided and that General Wojciech Jaruzelski might succeed in stabilising the situation. There is considerable scepticism in Belgrade, however, about the military leadership's ability to reintroduce institutional reforms.

Robert Graham writes from Madrid: Sr Santiago Carrillo, leader of Spain's Communist Party, said yesterday the crackdown in Poland had exposed the bankruptcy of efforts to export the Soviet model of society. Communism as practised in the Soviet Union, he said, could not be considered a model for the working classes as a whole, and even less in Western Europe.

Severe flooding threatens vital oil pipeline

BY LESLIE COLITT IN BERLIN

AS POLAND'S military government struggled with the economy and a demoralised population, severe weather dealt further blows to the country.

The most serious flooding in memory hit the Plock district west of Warsaw, endangering the vital pipeline which supplies oil from the Soviet Union to both Poland and East Germany.

The city of Plock, 80 kms from Warsaw is the site of Poland's largest oil refinery as well as plants producing nearly all the country's petrol, diesel oil and chemical feedstock. The governor of Plock district declared a flood emergency after the Vistula river became blocked by broken ice.

Radio Warsaw, monitored in Berlin, said that more than 13,000 people were evacuated and an estimated 17,000 hectares of land were inundated. Livestock was also moved to safety while helicopters dropped food and fodder ioto isolated areas. Agriculture is likely to suffer serious losses.

The most ominous threat, however, was to the pipeline bringing Soviet oil into the Plock refinery and taking it on to the East German refinery and petrochemical centre at Schwedt on the Oder river.

Warsaw Radio said that General Florian Siwicki, Poland's deputy Defence Minister, had taken charge of the rescue operation involving 3,000 soldiers, policemen and firemen. He is a member of Poland's ruling military council.

Flooding also threatened the Szczecin district and the Elblag area east of Gdansk.

Warsaw Radio said that Poland's railway network was hit in many regions because of snowfalls and frozen points. Coal transport from Silesia to electric power stations was disrupted.

Dresdner Bank holds talks in Warsaw

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DR HANS FRIDERICHS, chairman of West Germany's Dresdner Bank, travelled to Poland yesterday for the first face-to-face discussion between the Polish Government and a Western creditor bank since the imposition of martial law on December 14.

Dresdner Bank officials said that the visit would be brief and that it followed an invitation from the Polish side. Other bankers involved with Poland said it could be the first step towards resolving the impasse that has developed over Poland's efforts to re-negotiate its debt to commercial banks.

An agreement to re-schedule some $2.4bn (£1.3bn) of debt falling due last year was nearing completion when martial law was imposed. Since then Western banks have been hampered by communications difficulties with Warsaw and concern has grown about overdue interest payments.

News of Dr Friderichs' trip surprised some officials of other banks who have been spearheading debt negotiations with Poland in the form of a 19-bank multinational task force. But the outcome of his visit was being keenly awaited in banking centres.

In the absence of indications from the Polish side, Western banks have been attempting to complete the administrative details of the rescheduling agreement, but pressure has been growing for renewed direct contact with the Polish Government without which little else can be done.

Commercial TV networks take shape in Italy

BY RUPERT CORNWELL IN ROME

TWO NEW and powerful nationwide television groupings have emerged from the jungle of Italian private television. They constitute a further step towards Italy adoption of commercial television networks along North American lines.

The newcomers are backed by two of the country's biggest Press and publishing groupa Network Four, with 23 stations, is 60 per cent controlled by Mondadori, while Italia Uno, with 18 affiliated stations, has been launched by the Rusconi publishing house.

Their arrival represents a still more serious challenge to what remains of the monopoly once held by the RAI state-run broadcasting service. The Government has repeatedly failed to come up with its long-promised draft legislation to regulate the development of private television in Italy.

Network Four and Italia Uno will bring the number of such groupings to three. They join the pioneer of networking, the Canale 5 operation run by Sig Silvio Berlusconi, the Milanese property and Press tycoon. This now has 27 associated stations.

They plan to offer up to eight hours daily of simultaneously transmitted programmes by their various stations, scattered up and down the country, from Friuli Venezia Giulia in the north-east right through to Sicily and Sardinia in the south.

To avoid infringement of a 1981 Constitutional Court ruling which forbade single nationwide transmission in competition with RAI, the various affiliates will each send out identical pre-packed recordings at the same time.

The emphasis, executives of both groupings admit, will be on sport, films and imported television.

These latest developments in the fiercely competitive private television industry are further evidence of its growing importance. At peak hours, the private channels between them can capture up to 40 per cent of the total audience.

The sector in recent years has constituted by far the fastest growing outlet for advertising expenditure. Last year total estimated spending had risen to L190bn (£82m) from only L14bn (£6m) in 1977. This year, on current trends the private stations could attract more advertising than the three national channels of the RAI combined.

Canale 5, which has invested heavily in the purchase of top sports and film attractions, expects to spend L160bn (£69m) this year. Rusconi's budget totals L60bn (£26m) while Network Four will he spending "at least" L50bn (£21m).

At peak hours, the private channels between them can capture up to 40 per cent of the total audience. The sector in recent years has been by far the fastest growing outlet for advertising expenditure.

The emergence of the networks is making life harder for the smaller, purely local, stations whose number at one stage topped 500. Rising costs are forcing them increasingly either to contemplate extinction or join forces with a bigger brother.

The process is generally seen as inevitable—at least in the absence of legislation. But many regret that a major casualty of the trend will be that very "pluralism of information" which was one of the most attractive features of Italian private TV in its early phase.

The suspicion is also strong that the growth of the networks will favour greater involvement by the political parties, especially when general elections may not be far off. As it is, around 60 per cent of Italian private TV stations are reckoned to be owned by interests linked to the Christian Democrat Party.

Reagan rules out fighter aircraft sale to Taiwan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Mr Reagan: flat rejection

PRESIDENT Ronald Reagan, in a major and controversial foreign policy decision, has given a flat no to Taiwan's request for advanced U.S. fighter aircraft.

The move, which is likely to enrage many of Mr Reagan's Right-wing supporters, will be widely seen as designed to help restore Washington's strained relations with Peking at a time of growing international tension.

Announcing the decision, the State Department said it followed a review over many months in which "many factors" had been taken into account, but denied that events in Poland hsd anything to do with it. The main consideration was simply Taiwsn's defence needs, officials said.

The Department said these needs could be adequately filled for the foreseeable future by the replacement of Taiwan's existing fleet of ageing F-5E, F-100, and F-104 fighters, with "comparable" aircraft.

The joint U.S.-Taiwanese production line making F-5E aircraft in Taiwan would also be extended beyond its originally planned mid-1983 shutdown date, it said.

No decision, however, bad been made to upgrade the F-5E, one of the options that bad been under consideration as a means of giving Taiwan a better fighter without it being a totally new model. The question was no longer under review, officials said.

The State Department said it knew of no limits attached to the number of "comparable" aircraft that the Taiwanese could acquire, nor of any new time limit on the run of the F-5E co-prodnction line.

Officials stressed that the decision did not mean any change in the Administration's policy on arms sales to Taiwan. The U.S. bad supplied equipment for Taiwan's self defence in the past and would continue to do so, they said.

Critics, bowever, will regard the decision as a betrayal of Taiwan by a President who was meant to be one of its firmest supporters in order to curry favour in Peking — even though it is far from clear how Peking will react.

The Chinese have been warning in recent weeks that they oppose any American arms sale to Talwan in whatever form. They have threatened to downgrade relations with Washington if a sale goes ahead.

Mr John Holdridge, the Assistant U.S. Secretary of State for Asian Affairs, went to Peking st the weekend to inform the Chinese authorities of the decision.

The State Department said the Administration was "obviously" looking for good relations with Peking and wanted to discuss international affairs with the Chinese "at an authoritative level."

If the fighter decision contributed to good relations with Peking, that was all to the good, a spokesman said.

Ma Bell rings the changes

BY PAUL BETTS IN NEW YORK

"TO BRING the benefits of the information age to America, the Bell system bad to be restructured." This message from Mr Charles Brown, chairman of American Telephone and Telegraph, the telephone company which owns the vast Bell system, was carried in full-page advertisements in most newspapers in the U.S. yesterday.

It made the case as simply aa possible for the decision of AT and T, familiarly known to all Americans as "Ma Bell," last Friday to settle its historic anti-trust dispute with the U.S. Justice Department. The buge telephone company justified the decision to agree to divest itself of its 22 local operating companies, which provide 80 per cent of "POTS" or "plain old telephone services" to Americans, on the grounds that a new era in world communications had dawned.

AT and T could no longer sit back on its time-honoured telephone monopoly watching a new breed of high technology companies, some as large as IBM, thresteninw to make major inroads in the new, dramatically changing world of international telecommunications, the company said.

But the persuasive message from the cbairman of the telephone company was directed ss much to the company's 3m shareholders as to the U.S. consumer and the political establishment.

After the initial shock and general amazement caused by the settlement on Friday, analysts, consumers and politicians all took out their calculators to work out the likely effects. Even before the dust had settled, the agreement, cheerfully welcomed by U.S. business, was in the middle of a political storm.

For the average American, the settlement will spell higher telephone charges. For years AT and T has subsidised its highly capital-intensive local telephone operations with the far more profitable long lines operations, which under the settlement it will retain and which offer long-distance services between states and to other countries.

The presidents of Bell operating companies were quick to point out that telephone rates locally would probably double over the next five years without the subsidies from the parent company. Politicians immeditely started to express their concern and reservations over the deal. Even Senator Bob Packwood, the Republican chairman of the Senate Commerce Committee, said be was very worried about the impact of the settlement on telephone rates.

The settlement still has to be approved by the Federal Court which has been hearing the case, and faces review in Congress, which is now in the process of considering new telecommunications legislation.

The new legislation has been moving along the same lines as the settlement, whereby Ma Bell would be allowed to enter new telecommunications fields which are not regulated in return for safeguards to prevent the telephone company from taking advantage of its large protected telephone market.

But Congress now faces an eve nmore delicate problem. Competition in industry has always been an emotional issue in the U.S., but the question of local rates has an explosive impact, especially at a time of recession, budget cutting and reductions in federal support to the U.S. welfare state.

As a result, Congress is likely to turn its attention more to the problems the settlement will cause to local telephone rates than the broader issue of telecommunications in coming decades.

Ma Bell and its current fans have strived in the past 48 hours to reassure the general pnblic that divestiture of the local companies will not necessarily mean staggering increases in local telephone charges.

Long distance services have been profitable, but will now be open to more competition. Although the Bell system currently offers nearly 97 per cent of U.S. long distance services, the fact that it will no longer be called on to subsidies local services means that long distance rates will probably decline. In any event, Ma Bell has already warned thst local rates were bound to increase

The controversy also concerns the related issue of telephone services. Weaker local operating companies, no longer sheltered by Ma Bell's umbrella, might no longer be able to maintain the standards Americans have grown accustomed to in telephone services. However, the Bell system claims standards should not suffer, since local telephone services will be enhanced by new competition.

It is already clear that the settlement is developing into a political football. The controversy seems bound to delay the intended re-organisation of the Bell system and the divestiture far beyond the 18 months set in the areement with the Justice Department.

Moreover, Congress is already considering modifications in its proposed changes in telecommunications legislation designed to hold down future increases in phone charges. It is likely to throw a considerable number of spanners in the way of the settlement, which may take as long as six years to effect.

From the standpoint of the White House, the Pentagon and the Commerce Department, the settlement represents an acceptable compromise. The Pentagon has already indicated it is satisfied with the agreement, while the pro-business Reagan Administration regards the settlement as making AT and T a more competitive—if aomewhat lesner—concern.

In a sense, the decisions of the last few days represent a big victory for big business in the U.S. That in itself is likely to spice even further the political battle already shaping up in Congress.

Lex, Back Page

U.S. 'may soften stance on Salvador'

By Robert Graham in Madrid

THE UNITED STATES may soften its stance on El Salvador and could accept negotiations with the guerrilla forces if promised elections go ahead, according to Sr Felipe Gonzalez, the Spanish Socialist Party leader.

Sr Gonzalez was speaking on his return to Spain from Washington where he met Mr Alexander Haig, the U.S. Secretary of State.

Sr Gonzalez was discussing the situation in Central America in his capacity as vice-president of the Socialist International.

Before visiting the U.S. he undertook a mission in the same capacity to Panama, Nicaragua, Cuba and Mexico.

The Socialist International has been particularly active in trying to ensure a better dialogue between Washington and the more radical states in the region, especially Nicaragua and El Salvador.

Sr Gonzalez is understood to be acting as an intermediary to try to make sure that valid elections will be held in El Salvador. He said to reporters on Sunday in Madrid: "Under the military dictatorship, elections in El Salvador would be a farce which all the world could see for themselves."

"A solution to the situation in El Salvador must inevitably be by negotiation between the guerrillas and the present military junta running the country."

From his conversations with Mr Haig, he felt the U.S. did not discount the possibility of negotiating with the guerrillas in the wake of elections. However, this may be an over optimistic interpretation of the U.S. Administration's view.

● Seventy governments and public figures from Europe and Latin America have been invited to observe the March elections, according to Sr Fidel Chávez Mena, the Salvadorean Foreign Minister.

No observers have yet been names, though delegations are expected from Colombia and Venezuela. Mexico and Nicaragua, whose relations with the Duarte Administration are strained, have not been invited.

Pressure to raise taxes

BY ANATOLE KALETSKY IN WASHINGTON

PRESSURE ON President Reagan to increase taxes in the 1983 budget mounted yesterday as Republican congressional leaders went to the White House for consultations on the President's budget statement, due to be delivered to Congress on February 8.

The President, talking to reporters at the weekend, made a point for the first time of not ruling out tax increases. He insisted, however, that he would "do nothing that will interfere with the incentive tax programme that has been adopted to increase productivity."

This suggests that, while bis income tax reductions remain sacrosanct, big increases in indirect taxes, most probably on alcohol, tobacco and petrol, may be on the cards. There is talk of doubling some excise taxes which have not been increased for more than 10 years.

Many Republican Congressmen believe that the Administration must produce a credible programme for reducing budget deficits below \$100bn in 1983 and 1984, compared with current unofficial forecasts of 150bn before the mid-term election campaigns get under way. Most politicians here, as well as economists, now believe that this can only be done by raising taxes.

In addition to excise tax increases, other options being canvassed are a windfall profits tax on natural gas companies, combined with faster decontrol of gas prices and changes in the corporate tax laws.

Gas decontrol could increase revenues by about \$30bn under the existing tax regime, as a result of higher profit taxes, and by another \$20bn if a windfall profits tax were introduced.

Sharp rise in Canadian unemployment

By Victor Mackie in Ottawa

THE NUMBER of unemployed in Cansda jumped by 59,000 during December to 987,000, as the economy continued to weaken.

The country's seasonally adjusted unemployment rate of 8.6 per cent during the month—up 0.4 of a percentage point from November—matched the 1978 record.

The latest decline was blamed mainly on lay-offs in manufacturing industry in Quebec and Ontario.

Canadian economists said the real unemployment level far exceeded the official level, because some people who had stopped looking for work were not "officially" considered unemployed.

KINGSTON'S BID FOR OVERSEAS BUSINESS

Jamaica claims investment successes

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government is claiming success in its major campaign to attract overseas investors.

The Jamaica National Investments Promotions Ltd (JNIP), the state agency responsible for monitoring and encouraging new investment in the country, says it is reviewing more than 500 investment proposals—mostly from North America and Western Europe—with a potential value of more than \$1bn (£519m).

More than 20 of these have been implemented over the past few months and the agency expects to receive the rest during the next two years.

The Government regards search for new business as an integral element of its programme to provide a stronger base for the economy.

Government ministers and private sector business groups, who have been exploring the possibilities of investments from the U.S., Canada, the UK and West Germany, say there is no lack of interest.

Washington has been actively trying to make Jamaica a showpiece of how private sector initiative can build an economy and the Jamaican Government is hoping for an increase in the pace of new enquiries.

"The infrastructure we offer investors is superior to that offered by many other developing countries," said Mrs Corrine McLart, managing director of the JNIP. Speaking of the possibilities for North American and British investors, she said: "We share a common language and a history of business relations. This gives us an advantage over several countries in Latin America. We have had enquiries from several firms which are operating in some Latin countries, but which want to relocate here because of our more stable political environment."

The Government has offered potential investors a range of comparatively generous tax incentives, inclnding tax holidays. Mr Hugh Shearer, the Foreign Trade Minister, said however, that these incentives can be offered by any country. Jamaica's advantage, he said, was in other areas which created a favourable climate for business.

Jamaica badly needs fresh foreign investment because its economy, like that of many other poor developing countries, has fallen victim to rising oil prices, international inflation, prodnction shortfalls in its major exports and only marginally increased prices for its products.

Jamaica's unemployment rate is put officially at 26 per cent, and there is a gap of \$750m (£389m) in its foreign exchange budget. These two problems have bedevilled the economy for the past eight years. All the island's business transactions are being floated through just over \$1bn in loans for this year, held together by a three-year loan facility of \$650m from the International Monetary Fund.

The Jamaican Government's high expectations have not been dampened by economic troubles in the countries from which it is seeking investments.

Gadaffi fuels Ghana coup suspicions

By Quentin Peel, Africa Editor

SUSPICION of direct Libyan involvement in the New Year's Eve military coup in Ghana, led by Flight-Lieutenant Jerry Rawlings, has been fuelled by the rapid announcement of the restoration of diplomatic relations between the two countries.

The Ghana News Agency reported the move yesterday, following a weekend visit by an official Libyan delegation—the first to arrive since the airport at Accra was reopened.

Refugees from Ghana have claimed since the coup that there was direct support from the government of Colonel Muammer Gadaffi, but so far there has been little hard evidence to support them.

There is no doubt about Col Gadaffi's enthusiasm for the coup. In a speech to the People's Congress in Libya, he said that Flt-Lt Rawlings was "a friend of ours, and a believer in the third universal theory of the people's authority."

Col Gadaffi added that Flt-Lt Rawlings was a member of the "external revolutionary committees." He said that although Libya had been let down in the past by one-time supporters, he believed this was unlikely in Ghana because Rawlings was "from the revolutionary forces."

Dr Hilla Limann, the deposed Ghanian President, had been a particularly vociferous opponent of the Libyan leader, insisting that Ghana would not attend this year's summit of the Organisation of African Unity in Tripoli. He broke off diplomatic relations in November 1980, claiming that Libya was interfering in Ghana's internal affairs.

Given Libya's obvious sympathy for the coup leaders, there is some concern among western diplomats that Nigeria may cut off oil supplies, as it did on the occasion of Rawlings' previous coup in June, 1979. In that case, the diplomats fear, Libya would simply step in with oil supplies, cementing the relationship.

Haig to seek progress on autonomy

BY OUR FOREIGN STAFF

THE U.S. Secretary of State, Mr Alexander Haig, is expected to press for faster progress on Palestinian autonomy negotiations when he arrives in the Middle East today.

He will first hold talks with Egypt's President Hosni Mubarak before going on to Israel. The Egyptian Government, while welcoming Mr Haig's desire to inject fresh life into the almost moribund talks on the future of the occupied West Bank and Gaza Strip, is anxious that nothing should delay Israel's withdrawal from the remainder of Sinai next April.

Officials in Cairo fear that any U.S. attempt to impose a deadline for the autonomy negotiations, or to exert increased pressure on Israel, could prove counter-productive and might even result in Israel refusing to pull out of Sinai.

Instead the Egyptians would prefer the period up to the Israeli withdrawal on April 26 to be used to produce some benefits for the Palestinians living in the West Bank and Gaza.

Egyptian officials believe that through tangible, if small, gains in daily living conditions, the Palestinians might be persuaded that the autonomy negotiations were serving a useful purpose. Eventually this could lead to the Palestinians being drawn into the negotiating process.

The autonomy talks started in May 1979 and should have been completed a year later. But the Egyptians and Israeli positions have remained far apart.

Egypt under both President Sadat and now Mr Mubarak has been keen that this process should be a first step towards what would eventually become a Palestinian state.

Israel, however, wants to be certain that from both administrative and security aspects the West Bank and Gaza Strip ultimately stays under its domination.

The Cairo newspaper Al-Gumhouriya in an editorial yesterday inferred criticism of the U.S. "We expect Mr Haigh to stress to the Israeli side what the U.S. Administration had previously declared concerning its keenness on the continuation of the peace process without placing obstacles in its way."

Mr Haig travels to Jerusalem on Thursday where he is expected to take the first steps towards patching up the U.S. quarrel with Israel over its annexation of Syria's Golan Heights.

The U.S. Administration condemned the Israeli move and retaliated by suspending the newly signed agreement on strategic co-operation. U.S. officials do not expect the agreement to be revived during Mr Haig's visit.

Mr Menahem Begin, Israel's Prime Minister, is likely to press Mr Haig to reaffirm the U.S. commitment to the Camp David peace agreement and to make clear Washington's refusal to become involved with other schemes such as those put forward by Crown Prince Fahd of Saudi Arabia and by the members of the European Economic Community.

Peace plan retreat by Saudis

By Our Foreign Staff

SAUDI ARABIA has further retreated from the implied willingness to recognise Israel contained in the seventh point of Crown Prince Fahd's "peace plan."

A statement issued by a spokesman at the royal palace in Riyadh said that the question of recognising Israel and entering into peace negotiations with it could only be settled as a result of a collective decision.

Saudi Arabia "does not accept any reference suggesting that Palestinians have to negotiate with or recognise Israel because no individual or group can speak for the Palestinians and because these issues of destiny must be decided by the Arab nation," it added.

The seventh point of Crown Prince Fahd's plan asserted that "all states in the region should be able to live in peace."

Questioned about it last week in an interview with the New York Times, Prince Saud al-Faisal, Saudi Foreign Minister, said that if Israel returned occupied Arab lands and recognised Palestinian rights, the kingdom would be prepared to "accept it."

On the following day an official statement by the Saudi Foreign Ministry denied that the kingdom was prepared to recognise Israel.

Censorship eased as Pakistan's advisory council is launched

BY ALAIN CASS, ASIA EDITOR IN ISLAMABAD

PAKISTAN'S newly-constituted Federal Advisory Council was inaugurated yesterday by President Zia ul-Haq who said it would lead to civilian rule and "Islamic democracy" in time.

In a surprise move President Zia also announced the phased lifting of Press censorship. As a first step, he said, addressing the 287-member body, pre-censorship of daily newspapers would be lifted immediately.

The President said the newspapers would be required to exercise self-censorship. They would not be allowed to publish anything prejudicial to Islam, the security of Pakistan, regional unity and the dignity of the armed forces and the judiciary.

Despite its very limited powers — the council has no legislature authority and cannot vote in reaching decisions —this is the first time since the imposition of martial law in 1977 that civilians have been allowed a voice in the running of the country.

Pakistan's major opposition parties, still banned under martial law, have condemned the council as an attempt "to hoodwink the nation and the outside world." The Movement for Restoration of Democracy, a coalition of eight anti-Zia parties, called the council an "act of subversion" and issued a veiled warning to its appointed members.

Amid heavy security President Zia told the council that it could debate Pakistan's ban on political activity and remaining Press censorship and make recommendations.

"The council should also tell us what kind of democracy we should have," President Zia said. "I am not against democracy. I am not against election. But democracy was exploited and ruined in the past 34 years."

The heavy emphasis on Islam reflects the military regime's concern to placate the groundswell of Islamic fundamentalism. President Zia asked the council to recommend how best to achieve Islamic policies such as the total abolition of interest rates, the cutting off of thieves' hands and the complete devotion of radio and television to Islamic teaching.

The establishment of the council is likely to please Pakistan's U.S. allies whose $3.2bn arms and economic aid package, including the immediate delivery of F-16 aircraft, has raised fears that Washington may be backing a military regime with little popular support.

Sinai settlers reject compensation offer

BY DAVID LENNON IN TEL AVIV

ISRAELI SETTLERS who will have to evacuate the Sinai when it is returned to Egypt in April have angrily rejected the latest Government offer of compensation totalling £137m.

The residents of the town of Yamit said the sums being offered were too small and were being unfairly divided between urban and agricultural settlements. The urban settlers are due to receive between £70,000 and £120,000 per family depending on the size of their homes and businesses. They want more.

But the Cabinet decision last week to increase the compensation by about 20 per cent caused uproar in Israel. The Finance Minister even threatened to resign over the Cabinet's largesse at a time when he was cutting budgets.

Parliament's Finance Committee yesterday began discussing the offer. Mr Shlomo Lorencz, the chairman, said all the members regarded the new offer as too high. The committee has the power to block the payment by withholding approval of the Treasury request for additional finance.

Representatives of the Yamit settlers threatened yesterday not to leave the town. They said that they would resist attempts to evacuate them until they had been offered fair compensation.

Mr Simcha Erlich, Deputy Prime Minister, who negotiated the latest offer on behalf of the Government, said it was on a "take it or leave it" basis "They will not get a penny more."

Even if the row is resolved the Government still faces trouble from hundreds of squatters from the Movement to Stop the Withdrawal who have moved into the Sinai settlements in recent months. They are determined to resist with violence the evacuation of the settlements as they opposed the return of Sinai to Egypt.

Minister survives Malaysia crash

MALAYSIA'S Foreign Minister, Tan Sri Ghazali Shafie, whose death in an air crash was feared on Sunday, was reported yesterday to have survived, Wong Sulong writes from Kuala Lumpur.

The Minister was found by police in a village four miles from the wreckage of the light aircraft in which he had been travelling. His security officer and a flying instructor were killed.

The Minister said yesterday that he had been thrown out of the machine as it hit some trees.

SENEGAL'S ECONOMIC PROBLEMS

Critics surprised by former backroom boy

BY MARK WEBSTER, RECENTLY IN DAKAR

IT IS hard to mistake President Abdou Diouf, Senegal's head of state, for his lanky 6 ft 6 in frame puts him among the world's tallest leaders. But until last year, when he assumed power from the poet-philosopher Leopold Senghor, who had ruled Senegal since independence 21 years ago, many people believed his height was the only remarkable thing about him.

During a blameless 10 years as Mr Senghor's Prime Minister, Mr Diouf was considered a hard-working and colourless backroom boy, who did not have the stature, metaphorically speaking, to take over as head of state. However, his performance as president has caused many of his critics to change their minds.

He has been blessed with Senegal's first good harvest in three years, but has also revealed himself as an astute politician, a decisive foreign

policy maker and a competent economist — although Senegal's economic problems are so acute that progress has not been spectacular.

Senegal's serious economic problems stem from a succession of failed harvests, its overdependence on a single crop — groundnuts — and its unwieldly bureaucracy. Mr Diouf also faces a vocal opposition in one of Africa's best educated political elites.

Yet, since taking office, he has corrected some of the mistakes of the highly opinionated Mr Senghor's later years. On the domestic front, he has surprised his political opponents by throwing open the political field to allcomers. Mr Senghor had reluctantly introduced an artificial four-party system in 1978. But Mr Diouf has allowed 11 parties to register, including the National Democratic Assembly (RND) led by Cheikh Anta Diop, who is potentially the most forceful opposition leader.

Mr Diouf's gamble is that by the 1983 elections he will have secured his position as head of the Socialist Party (PS), which has 84 seats in the 100-seat National Assembly.

The new president has used the fact that he is a devout Moslem to cultivate links with the country's powerful Moslem leaders, the Marabouts. Under his Christian predecessor, their relations with the Government were always a little strained.

His image as a conservative Moslem leader has also helped him to gain aid particularly to build the giant Diama dam, from Arab states such as Saudi Arabia and Kuwait. He has won their support because of his openly hostile attitude towards Libya and his sympathy for the Polisario guerrilla movement in the Western Sahara.

At the same time, Mr Diouf showed how quickly he is prepared to act when Senegalese troops intervened in neighbouring Gambia after an attempted coup last July.

Senegal has exacted a high price for its help. Sir Dawda has agreed to form a confederation which is expected to lead to a federal system which the much larger Senegal will inevitably dominate. It would be a major foreign policy victory for Mr Diouf, since Senegal has long wished to get control of tiny Gambia. However, it will add to Senegal's already considerable economic headaches.

During the past two decades, Senegal's real growth rate has averaged only 2.7 per cent annually, barely keeping pace with the increase in the population. Two successive crop failures meant that real gross domestic product (GDP) declined nearly 17 per cent between 1979 and 1981. Even though this year's crop should reach between 850,000 and 900,000 tonnes, real GDP is unlikely to recover its 1979 level until 1983 at the earliest.

There are structural problems affecting the economy, which Mr Diouf has to tackle if Senegal is ever to pull itself out of its present rut. The economy is too dependent on earnings from groundnuts and it suffers from an over-heavy and costly administration which has become used to relying on heavy foreign borrowing to make up its payments gap. The heavy foreign debt burden pushed debt servicing to 29 per cent of export earnings last year.

The International Monetary Fund abandoned discussions about a three-year extended fund facility for Senegal after the Government failed to adhere to restrictions on central government spending and did not fulfil its commitment to reduce the subsidy on the 400,000 tonnes of rice which it imports annually.

Instead, the fund is negotiating help for Senegal on an annual basis. Last year, it agreed to allow it 100 per cent of its quota of SDR 63m (£103m) and Dakar is optimistic that aid on the same scale will be available this year. Other aid donors, including France, have also stepped up their economic assistance.

Japan to voice fears over imports retaliation

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN will use the trade talks with the U.S. and the EEC, taking place later this week at Key Biscayne, Florida, to air its concern about the concept of "retaliatory reciprocity" which, it claims, is emerging in the U.S.

By reciprocity, Japan understands a threat to close U.S. import markets to countries which are thought by American businessmen to maintain obstacles to the sale of U.S. products.

Adoption of the concept as a guideline by U.S. trade policy-makers would be certain to reduce trade flows and is therefore highly dangerous, according to Japanese officials.

But, whether the concept has been taken up by the Reagan Administration, or is simply being aired in Congress is a point on which officials seem uncertain.

Japanese officials expect the Key Biscayne conference to concern itself with general principles rather than specific trade issues (although they concede these may be aired outside the conference session).

The Japanese delegation plans to "reaffirm its commitment to free trade" at the meeting. But it is realised that other delegations, including that from the EEC, may be less interested in talking about free trade and more concerned with current problems.

The Japanese delegation, headed by Mr Shintaro Abe, the Minister of International Trade and Industry, will tell other participants at the conference of recent measures taken by the Government to stimulate imports. If pressed it may be prepared to discuss export moderation.

Under the general heading of "revitalising free trade," Japan hopes to talk about industrial and technological co-operation between itself and Western industrial nations.

The Ministry of International Trade and Industry which has favoured the holding of a three-cornered conference with Europe and the U.S. since the idea was first mooted in Washington last summer is in favour of holding a trilateral conference at regular intervals.

The Foreign Ministry takes a much cooler attitude and believes that there are sufficient forums for discussing trade issues.

BL Mini makes comeback

By John Griffiths

THE BL Mini is being reintroduced to Japan after a gap of about eight years.

Sales of a forecast 600-700 one-litre models are due to start in the spring through Nichiei Jishoda, an importing company. It has retailed several models from the marques which have comprised the BL group for nearly 30 years.

It has been selling the Triumph and TR7 and MG models, now out of production, and handled Mini sales until legislative requirements stopped their import to Japan in the early 1970s.

BL said yesterday that the one litre "A" series engine of the Mini has been re-engineered to meet Japanese legislative requirements. The engine is essentially of the same specification as the smaller version of the Metro, which has yet to go on sale in Japan.

If sales live up to the forecast, BL's total sales to Japan would rise by 50 per cent. It sold 1,500 there last year, mostly Jaguars and Rovers. These are retailed separately through Leyland Japan.

U.S. interested in radar-absorbing paint from Tokyo

BY RICHARD C. HANSON IN TOKYO

THE U.S. is interested in a special radar-absorbing paint developed by TDK Electronics for Japan's Defence Agency apparently for possible use on jet fighters.

This appears to be one of the first firm indications of the kind of defence technology the U.S. may want from Japan.

Discussions on possible defence technology exchanges began last year.

TDK, the world's leading producer of ferrite, a combination of iron oxide and zinc, was recently asked by the U.S. Embassy in Tokyo for a sample of a paint it developed under contract from the Defence Agency in 1977.

The agency, according to TDK, holds the patent for the paint, which can be used among other things to absorb radar waves.

It would be useful in developing a military bomber, the so-called stealth bomber being discussed in the U.S., which could avoid detection by ordinary radar.

Ferrite is already used in such commercial products as microwave ovens. Ferrite paint is still in the research and development stage.

The Defence Agency declined to comment on why it commissioned TDK to develop the paint, or on how it intends to use it.

So far, discussions between U.S. and Japanese officials on Japan making available defence-related technology have been rather vague.

The Japanese Government has not yet decided officially whether such an exchange of technology is possible under its strict policy of not exporting defence items.

The matter was again discussed last week in bilateral security discussions held in Tokyo. The U.S. is interested in Japanese advances in high technology areas, such as electronics, which are applicable to weapons and defence systems.

The U.S. has long been the major supplier of defence technology to Japan. There are some officials in Japan who believe that opening a two-way exchange in technology will help to improve Japan's security ties with the U.S.

India's trade with Moscow expected to rise by 11%

BY K. K. SHARMA IN NEW DELHI

INDIA'S two-way trade with the Soviet Union this year is expected to rise by 11 per cent to Rs 32.6bn (£2bn) making the Soviet Union its largest single trading partner.

A trade protocol signed recently between the two envisaged such a rise, mainly through a substantial rise in Indian exports. These are expected to increase by 22 per cent to Rs 17.7bn.

The protocol does not take into account the long-term textile export arrangement being discussed by the two countries, which envisages the purchase by the Soviet Union of Rs 4.5bn worth of garments and cloth.

India values its trade links with the Soviet Union because payment for imports is made in rupees or in goods.

A Rs 16m defence deal with the Soviet Union was signed in 1980, and since then more sophisticated weaponry like MiG-23 and MiG-25 aircraft, have been bought.

Israeli jet venture discussed

BY DAVID LENNON IN TEL AVIV

MR ARIEL SHARON, Israel's Defence Minister, yesterday held discussions with representatives of Northrop, the U.S. aviation concern, over possible joint U.S.-Israel production of of the F-18 jet as an alternative to the Israeli plan to design and build its own Lavie fighter-bomber.

Mr Ezer Weizman, the previous Defence Minister, gave the go-ahead for the Lavie project almost two years ago. It was then estimated that it would require a $1bn (£526m) investment to produce the Lavie to replace the Israel Air Force's ageing Skyhawks and Kfirs.

However, Mr Sharon is seeking ways of paring the defence budget. In November, he ordered a slowing of the project while he reviewed the advisability of Israel trying to produce its own fighter-bomber.

He deferred the signing of a contract with Pratt and Whitney, the U.S. manufacturer, for Israel to manufacture its PW-1120 engine for the Lavie.

It also became clear that the Minister wanted to spread the development over a longer period so that the aircraft would become operational in the early 1990s rather than in the late 1980s as originally scheduled.

The possibility of Israel co-producing the F-18 has been discussed, but the idea was dropped after the decision was taken to go ahead with the Lavie. It has re-emerged in the light of the need for cuts in the defence budget.

Defence Ministry studies have apparently shown that it will be very difficult to produce the Lavie solely from the defence budget.

Iraq orders fire trucks worth £11.9m

TOKYO—Iraq has ordered 218 large fire-fighting trucks, including 155 foam vehicles, worth Y5bn (£11.9m) from Japan.

The Sumitomo Company said that Hino Motors would build the trucks for the directorate of civil defence. The fire-fighting equipment will be produced by Morita Pump, of Osaka.

Sumitomo received a similar order for 208 fire-fighting trucks worth Y3.5bn from Iraq in August.—AP

Erratic rand tests the skills of South Africa's foreign traders

BY BERNARD SIMON IN JOHANNESBURG

THE SKILLS of South Africa's foreign traders are being tested by unprecedented gyrations in the country's currency, the rand.

The rand plunged from a peak of $1.35 in January 1981 to an all-time low of less than half a cent above parity with the dollar in mid-December, a drop of more than 25 per cent. In the past three weeks, it has climbed back by almost 5 per cent.

These movements follow an 11 per cent appreciation against the dollar during 1980. Similar fluctuations have taken place against other major currencies with the notable exception of sterling.

The rand's fall last year was largely a result of the strengthening dollar, the weaker gold price and a market deterioration in South Africa's balance of payments.

The biggest beneficiaries have been the gold mines which accounted for roughly 47 per cent of total export earnings in 1981. While the dollar price of gold slipped from an average of $553 an ounce last January to little more than $400 in December, the price expressed in rand hovered at around R400 an ounce for most of the year, well above most mines' breakeven point.

Dr Gerhard de Kock: Reserve Bank determined to maintain rand's value

For other exporters, the rand's decline has come at a bad time. Although it has boosted their rand earnings, the weaker rand has not generally improved the competitiveness of South African products.

Demand for most mineral exports is in the doldrums at present, and even lower prices are not sufficient to persuade customers to increase their orders. "Our exports are not price elastic," says Mr Michael Brown, chief economist of the Chamber of Mines in Johannesburg.

The downturn in foreign demand coincided with a boom in the home market. As a result many suppliers, particularly of manufactured goods, switched from exports to meeting local demand.

According to Mr Wim Holtes, chief executive of the South African Foreign Trade Organisation, "If the fall in the rand had taken place when world demand was high and the South African market weak, our exports would have taken off like a rocket. It's the best incentive the Government could have given."

South Africa's non-gold exports performed poorly last year. Revenues were 6.2 per cent lower in the first 10 months of 1981 than in the same period the previous year. A 37 per cent drop in the value of diamond exports was the main reason, but sales of intermediate goods, such as pulp, paper, leather and wood, fell by 17.2 per cent.

The effects of the rand's depreciation have been most marked on imports. As normally happens when a currency's value declines sharply, the initial effect has been a surge in prices of imported goods, helped along by continuing strong demand for foreign goods, especially machinery and transport equipment. The value of transport equipment imports was no less than 59.4 per cent higher in the first 10 months of last year than in January-October, 1980, and imports of all goods are estimated to have risen by around 30 per cent in 1981.

Higher import costs had a significant impact on domestic prices. The decline of the rand "will ultimately affect domestic appliance prices by close to 30 per cent," according to Mr Vernon Katz, chief executive of a large appliance importing company. prices of motor cars, half of whose value consists of imported components, are expected to go up by around 10 per cent soon. A fuel price increase was averted in the closing months of 1981 only by subsidising the oil companies from motorists' taxes.

Imported inflation is one reason why South Africa's consumer price index is expected to move up by 13-14 per cent this year, only slightly below the 1981 inflation rate, despite much lower growth in most sectors of the economy.

However, there are now clear signs that the weaker rand (helped by predictions of weakening consumer and investment demand) is beginning to have the desired effect of discouraging imports.

Most economists predict a significant fal in import demand in 1982.

The Reserve Bank, which manages the rand's exchange rate, has apparently decided to call a halt to the slide.

Dr Gerhard de Kock, the bank's governor, said recently that the authorities were determined to maintain the rand's external and internal value. On the day last month after the bank raised its discount rate by 1 per cent to 13.5 per cent, the rand moved up by almost 150 points againust the dollar.

The rand is expected to continue appreciating in 1982 as the balance of payments improves. Most foreign exchange analysts predict it will move to between $1.10 and $1.20 by the end of the year. But, like everything else in the South African economy, all depends on the gold price.

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
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Banque du Rhone et de la Tamise S.A.	15 %	Norwich General Trust	14½%
Barclays Bank	14½%	P. S. Refson & Co.	14½%
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Bremar Holdings Ltd.	15½%	E. S. Schwab	14½%
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Brit. Bank of Mid. East	14½%	Standard Chartered	14½%
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§ Demand deposits 12½%.
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§ Mortgage base rate.

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British Gas and Amoco to end North Sea pact

BY RAY DAFTER, ENERGY EDITOR

BRITISH Gas Corporation and the U.S.-based Amoco group will end their joint North Sea exploration agreement, largely because of proposed Government changes for the gas industry.

Amoco, worried that the Government will restrict the Gas Corporation's oil exploration activities, has decided to seek new partners for the next round of licences, due to be announced this summer.

British Gas and Amoco have been drilling partners in the North Sea since the first round of licences in 1964. As a result of their joint exploration activities, they have become involved in the development of several oil and gas fields including Leman Bank, Indefatigable, Fulmar, Hutton and North West Hutton.

It is understood British Gas and Amoco have each decided to seek new partners for the next, eighth round of licences although they have not ruled out the possibility of joining forces again in future rounds.

It was being emphasised in the industry last night that the companies would continue to drill wells on jointly held licences granted in the first seven rounds, although neither corporation was prepared to comment.

British Gas Corporation is at the centre of sweeping changes in state-owned oil and gas interests proposed by the Government. Under the Oil and Gas (Enterprise) Bill, due to receive its second reading next Tuesday, the corporation is due to lose control of its offshore oil interests. It will also see the ending of its monopoly right over UK gas supplies.

British Gas is a member of a consortium, led by Amoco, which is drilling a well on block 30/12b, close to the Josephine and Fulmar fields in the central sector of the North Sea. It is understood that largely as a result of the corporation's pressure the drilling rig Dixilyn Field 96 is continuing to drill below the original target depth.

British Gas is stepping up its search for hydrocarbons — particularly natural gas — in deeper and smaller reservoirs previously overlooked by the offshore industry. As part of this process British Gas is investing about £3m on a seismic survey of the gas bearing southern portion of the North Sea. British Gas is particularly anxious to find its own source now that it is facing the end of its monopoly powers over supplies.

● The corporation expects to set a record for distributed gas supplies in the 24 hours between 6 am yesterday and 6 am today —due to heavy demand brought about by the freezing conditions in the UK.

Chambers of commerce support rates levy ban

BY ROBIN PAULEY

THE GOVERNMENT'S proposal to ban local authorities from levying supplementary rates is being supported by the Association of British Chambers of Commerce.

The association has been strongly opposed to the plan to force councils proposing to levy more than a centrally determined limit on rates to hold a referendum. This proposal in the Local Government Finance Bill was dropped because of Conservative backbench opposition and association claims that it would undermine local democracy and local responsibility.

But the supplementary rate ban in the Local Government Finance (No. 2) Bill does not constitute a fundamental threat to local democracy, the association says.

In a letter to be sent to all MPs before the Bill's second reading when Parliament returns on Monday, the association says supplementary rate demands are much more damaging than an addition of similar size to the main rate demand.

"It comes well into the financial year and cannot satisfactorily be taken into account in company budget and cash flow forecasts," says the association.

"A firm which allows for a supplementary in its costings will tender at higher prices than a rival which does not. If a firm does not allow for a supplementary rate it will be faced with a choice between making a loss or emergency cuts in its costs."

The letter adds that the likely consequent options which could be taken at short notice include a ban on recruitment which chiefly hurts school leavers and graduates and cutbacks in training and youth opportunity programme places.

The association also says that reform of the industrial and commercial rating system is necessary because the rating system was having to sustain a level of spending far beyond the level intended.

Although control of industrial costs was essential, the private sector could not flourish unless necessary infrastructure was provided.

Hesketh to start output of 1,000cc motorcycle

By John Griffiths

THE FIRST production model of the long-delayed Hesketh 1,000cc motorcycle will come off the assembly line at the company's Daventry plant in the next week.

Hesketh Motorcycles, the company founded by Lord Alexander Hesketh in which investors have put £1.8m, said yesterday it was satisfied engineering problems which led to the postponement of the planned launch last August had been overcome.

The company is re-employing labour. By the end of this month it plans to re-establish the 50-strong workforce it had in August when criticism of gearbox and engine noise led to the suspension of production.

In the past three months, while modifications have been carried out, Hesketh has kept only 13 employees at Daventry, working alternate weeks.

Mr Peter Gaydon, Hesketh's marketing director, says output will be increased in stages to reach 40 a week by the beginning of April.

Hesketh's production target for its £4,500 machine is 2,000 in the 1982 financial year starting March 30. The company says it has pre-sold several hundred.

It is expected that about 40 per cent of the output will be sold in the UK. Distribution arrangements have been made in West Germany, The Netherlands, Spain, Australia, Japan and Canada.

The U.S. is expected to be the single biggest market, taking half of production. Sales to the U.S. will not start until August. Hesketh is taking special care to establish a strong network there, because the U.S. is regarded as holding the key to a planned expansion of output for 1983 beyond the 2,000 a year.

In spite of last month's announcement of a further £623,000 loss by Hesketh in the first half of 1981-82, on top of a £300,000 loss in 1980-81, Hesketh's shares, traded on the unlisted securities market, gained 10p from their 35p low three weeks ago. This compares with an offer price of 80p when Hesketh was floated in 1980.

Hard-hit ports struggle to break even

By Andrew Fisher, Shipping Correspondent

COMPETITION among British ports is likely to toughen this year as the recession continues to bite and shipping lines strive harder to cut sea and land freight costs.

Two of the biggest ports, London and Liverpool, are working on ways to meet the Government's demand that they start breaking even by the end of this year.

This will be a tall order for the Port of London Authority and the Mersey Docks and Harbour Company, which run the two ports. Both have cut manpower sharply and stepped up their marketing efforts to win new business.

The decision of the Caribbean Overseas Lines (CAROL) consortium to stop unloading at Greenock on Clydeside from January 22 and switch to Felixstowe shows how quickly a port can lose business.

CAROL accounts for about a fifth of the container terminal's output. Its decision to move was made because of the costs of both inland haulage and of steaming to the Clyde.

Why the sand and gravel groups are going through a rocky patch

PAUL HANNON looks at an industry whose production capacity has fallen by 30 per cent in five years and where no recovery is forecast for at least 18 months.

THE BRITISH aggregates industry is bracing itself to hit rock bottom. Profits are mixed, turnover depressed and the only type of buyer for an aggregates group is a company with a 15-20 year commitment to marketing sand and gravel.

With that general outlook Blue Circle Industries last week decided to try to offload its aggregates subsidiary, BCA.

Blue Circle's move is based on the premise that BCA is only a small producer in national terms and its aggregates operations could prove a drag on the group's mainstream business in years to come. It is another example of the upheaval which has affected the industry.

Blue Circle says its aggregates unit does not fit into its strategy of diversification away from the building cycle, but stresses that the medium- and long-term prospects for aggregates are good, if a company is prepared to weather the dismal immediate outlook.

Last year Hoveringham, the country's third largest producer and the only significant independent aggregates group in the UK, was taken over by Tarmac in a deal worth £40m. The combined Tarmac/Hoveringham market share is about 18 per cent.

Blue Circle hopes its disposal will be worth about the same as the Hoveringham deal, given the similarities in the two companies. BCA had pre-tax profits of £2m on £10.7m turnover for 1980.

Movement in the industry last year included the acquisition by Amey Roadstone Corporation, a subsidiary of Consolidated Gold Fields, of the entire ready mixed concrete interests of British Dredging for £337,500. British Dredging said this move would allow it to concentrate its activities on the dredging, processing and marketing of sand and gravel.

These moves alone might seem insignificant, but placed in the context of an industry which has steadily contracted in the past decade, whose production capacity has fallen 30 per cent in five years, and where no hope of recovery is forecast for the next 18 months, they suggest that the aggregates sector of the economy is undergoing fundamental change.

Mr Robert Erith, of stockbrokers Savory, Milln, says: "Fundamentally, the industry is safe. It is desperately short of reserves with full planning permission as a result of environmental objections. There won't be many smiling faces until sometime in 1983, and the companies are regrouping themselves."

Since 1975 UK production of sand and gravel has slumped from 109m tonnes a year to less than 90m in 1980. In the first three quarters of 1981 production was about 63m tonnes. A similar decline has been recorded in hard rock production.

The industry's fortunes are based mainly on sand, gravel and crushed rock production and have been tied to the level of activity in road building, house construction and major civil engineering projects—all areas that have suffered from Government spending cuts.

Setbacks in profits have followed. For the first half of 1981 Hoveringham's pre-tax profits fell to £465,000 from £1.39m on a depressed turnover of £35m (against £37.8m).

UK aggregates market (per cent share)

Tarmac/Hoveringham	18
ARC	12
Tilling	6
Redland	5
Blue Circle	4

Source: Savory, Milln

ARC's turnover in the same period fell 1.5 per cent to £423m. Volume fell about 17 per cent, with operating profits down at £39.2m from £43.8m.

Only Tarmac managed to show some profits advance from aggregates operations.

The only note of optimism has come from the Standing Conference on London and South-East Regional Planning in a report published in December on the state of the industry in the South East.

Local extraction of sand and gravel, the report says, is inadequate. The region must import one-third of its requirements, widening the geographical spread of the industry, although aggregates have a maximum transport radius of 25 miles before they become uneconomic.

Unused reserves with planning permission are sufficient for 10 years and restoration has nearly kept pace with the amount of land excavated in recent years.

The market share taken by marine aggregate landed in the region increased slightly between 1977 and 1980. Rail imports, mainly of hard rock, increased 40 per cent in three years despite the slump in 1980 total demand. The proportion of supplies imported by rail rose from 8 per cent to 11 per cent, or 5.3m tonnes, in 1980.

Small operators find it easy to enter the industry, which uses little high technology. This has led to a lot of competing companies with a wide geographical spread, although the South East is the most important single region.

Small businesses will come and go until the larger groups thin them out through amalgamation or takeover.

The turmoil surrounding the role of bodies like the Sand and Gravel Association is an example of the mental reorganisation the industry is going through. SAGA represents the interests of more than 90 per cent of the sector—about 150 members with control of 600 pits.

But four leading members—ARC, Redland, Tilcon and Tarmac—with English China Clays, have urged amalgamation of the industry's representative bodies. This would make them more effective in dealing with government and other commercial interests, they say.

If this move succeeds it will downgrade bodies such as SAGA, but many consider it a fundamental step to reverse the gradual decline of the industry.

Heavy truck limit backed

RESTRICTION TO specific routes of large commercial vehicles making through-journeys is not opposed in principle by Merseyside's chamber of commerce and industry.

The chamber has told a Greater London Council inquiry panel assessing the effects of a possible ban on heavy trucks in London, however, that those trucks making collections and deliveries off any designated network should have free use of access roads to premises at all hours.

APPOINTMENTS

Changes at Halifax

The HALIFAX BUILDING SOCIETY is making the following appointments. Following the retirement of Mr J. C. Hogg, Mr J. D. Birrell has been appointed general manager (London) from January 26. Mr D. R. Taylor has been appointed assistant general manager and will take over Mr Birrell's responsibilities at head office.

Following the retirement of Mr A. J. Thayre as chief executive the following appointments will take place in May: Mr J. O. Spalding will become chief general manager. Mr M. Macaskill, Mr N. S. Watson and Mr R. C. Wheway will become deputy chief general managers, Mr H. Gautrey, Mr E. L. Thompson, Mr D. C. Langhlan, and Mr M. Fearnsides to be additional general managers. Mr C. S. Cockroft to be general secretary. Mr J. R. Murgatroyd, Mr G. M. Wykes and Mr T. W. Taylor to be additional assistant general managers. Mr A. C. Jowett to be solicitor to the society and a member of the executive.

★

Mr Robert J. Hodgson has been appointed managing director of BURRUP, MATHIESON AND CO. the principal subsidiary of Burrups Printing Group.

★

Mr W. H. Henry and Mr D. C. Muste have been appointed directors of VULCANITE, a member of the Ruberoid Group. Mr M. W. Morris has been appointed managing director of CATALIN which was acquired by the Ruberoid Group in September 1981.

★

UNITED BISCUITS (UK) is appointing Mr Anton Kiener as managing director of UB Restaurants on March 1. Mr Kiener was a director of Rank Leisure.

★

SWISS RE (UK) is making the following changes in June: Mr H. R. Vischer relinquishes the chair. He will be replaced as chairman by Mr Clinton E. Geiser who will remain chief executive until he retires in June 1983. Mr P. E. Christen will become deputy chairman and Mr Brian Prevost, who is deputy chief executive and due to succeed Mr Geiser in 1983, will become a director and has been appointed general manager as from January 1. Mr Brian K. Doody becomes deputy general manager.

★

BRABURY GROUP has made the following changes: Mr William Brown has been appointed managing director of Brabury Broadcast Systems and Brabury Electronics (trading as PSM). Both companies are trading from a new headquarters at Smitham Bridge, Hungerford, Berkshire.

Optimistic London Transport chairman prepares to ride the cheap fares storm

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

SIR PETER MASEFIELD, the 70-hours-a-week part-time chairman of London Transport, was expected to be up at 5 am today, the day of the extraordinary meeting of the Greater London Council called to seal the financial future of LT in the light of the Law Lords' ruling outlawing the council's cheap fares policy.

The meeting will discuss whether the GLC should accept the Law Lords' ruling and implement a 10 0per cent fares rise from March 21, or reject the higher fares and force a constitutional crisis on the Government.

The council, led by Mr Ken Livingstone, was elected on the basis of its cheap fares policy. Rejection of the higher fares necessary for London Transport to meet the Lords' interpretation of the Transport (London) Act 1969 could lead to the disbandment of the GLC.

Sir Peter does not relish implementing a policy which will put London completely out of line with every other urban mass transport authority in the world, where fares subsidies—the issue at the heart of the Lords' ruling—are recognised as essential policy instruments.

His work for London Transport begins at 7 am. Before then he is likely, as usual, to work on one of several new books.

Perhaps prophetically, the book nearest to completion is called To Ride the Storm.

This is the result of Sir Peter's own research into what happened to the British airship R101, which crashed after repeated warnings to the government from technical experts.

London Transport is not going to crash, Sir Peter is sure of that. But he is equally sure that the crisis demands urgent attention by the Government.

"I take a broadly optimistic view of what will happen," he said at the weekend. "This is because I do not believe the country will allow the standards of service in the capital to fall."

He believes the country has to decide what it wants from public transport and what it is prepared to pay.

The problems facing London Transport have "brought to a focus one of the main issues to be settled."

The Lords' ruling failed to clarify the legal position of subsidies.

There was an urgent need for subsidies to be "made legal." He believed a "new law, or an amendment to the existing law" would be produced, possibly this year.

"It is absolutely critical to clarify the subsidy issue, and we have up to March to sort it out.

"I could get a court ruling on the question of how to interpret the ruling by the Law Lords, but ultimately it is a question for the Government to resolve."

Sir Peter wants the Government to develop a national policy for urban transport. He is also keen to see a policy-forming body set up under the Transport Secretary to decide on the level of service of public transport, at agreed prices.

He favours subsidies paid on the basis of £1 of subsidy for revenue support for every £1 of commercial revenue earned, as it is done in Atlanta in the U.S.

But Sir Peter believes the British Government does not understand the problems of public transport.

"It will not help this Government at the next election, if it is seen to be the Government that left London Transport to rot," he said.

"London Transport's red buses are a symbol of London which also meet a social need. Can all that be abandoned?"

Blitz spirit conquers White Hell scenario

By Arthur Sandles

AT A LITTLE after midnight the group making its way from Innsbruck to Sussex started to wonder what it was doing among the snowdrifts of Staffordshire. For them, as for thousands of other Europeans these past few days, travel has become a chilly adventure.

My own team had departed the Innsbruck ski suburb of Igls at 8 am in driving snow.

Our Thomas Cook guides jollied us into coaches for the planned three-hour drive to Munich airport. It was then we discovered that Teutonic efficiency does not necessarily extend to the autobahns.

Nose-to-tail we crept up the A8 which runs from Austria to Munich. At one point we stood still for an hour. Here and there cars abandoned through lack of petrol or driving skill poked ominously from the snowdrifts.

Such lengthy journeys produced hidden strains. At the services area we managed to enter after five hours. The stampede for the lavatories was like the storming of the Bastille.

Seven hours after leaving Innsbruck we were on the Dan Air jet scheduled to leave Munich for Gatwick.

We edged to the end of the runway for take-off. The captain crackled over the loudspeaker: "I'm sorry, ladies and gentlemen. They have now closed the airport. We must taxi back to the terminal."

An hour-and-a-half later we tried again. By then the airport authorities had de-iced the runway.

Once more we taxied up for take-off. "Ladies and gentlemen," came the voice. "More bad news I'm afraid. Now they've closed Gatwick." Back we went to the terminal.

Free drinks

By now the duty free hoards had been broken into and free drinks were being served by an apologetic crew. Everyone was growing merry. Quite quickly all stocks were drunk dry. New supplies were brought aboard to loud cheers.

Dan Air then broke open the packed lunches.

There was a brief moment of entertainment when an open vent allowed de-icing fluid to be pumped smoke-like into the interior of the aircraft. "We're on fire," someone yelled. "Good God," muttered a stewardess. "Nothing to worry about," said the unflappable captain.

We refuelled, having wasted many gallons taxiing around Munich airport, and tried a third time for the runway.

This time we made it. Soaring off to Gatwick—we hoped. A few of us organised a draw on which airport we would land at. I won. "Sorry about this," said the captain. "We are being diverted to Manchester. Birmingham is already full up." I was £1.20 richer.

A small cheer went up as we landed at Manchester, chilly, snowy and dark. We grabbed our hand baggage and duty-frees. "Well ladies and gentlemen," came the captain.

This time the story was that Manchester, unused to such a rush of business, did not have the baggage handlers to cope with aircraft coming out of the skies like so many frozen bees.

"I've been told to keep you on board," said the captain. "But I'm not a jailer and if you want to get off that's up to you."

By then everyone had come to love their comfortable seats, their friendly companions and their helpful hostesses. We stayed. The stewardesses made coffee.

An hour and a half later they let us off.

Airlines take different attitudes when delays occur.

British Airtours (the British Airways subsidiary) put its stranded customers into Manchester hotels. Hard-pressed Laker had coaches ready for what promised to be a hair-raising ride down the M1. Dan Air had arranged for the trains to London to be delayed and additional coaches put on.

Manchester airport does not have a 24-hour bank. I had £2.55 in sterling (including winnings) plus now useless schillings, D-Marks and U.S. dollars. Not much for the large meal I began to feel urgent need of.

No food

There was no time for eating however. "The bus to the station is here," someone yelled. We rushed.

At the station a British Rail man looked unamused. "I was told there were 470 people," he cried. Only 86 of us had decided to make the dash. So much for the helpful train delay and the extra coaches.

By the time the snowy wastes of Staffordshire arrived there was some fitful sleeping. The train was blissfully warm, the scenery immediately bleak.

Here and there we stopped, Zhivago-style, breathing iron-horse power while the lights stayed red.

Seven hours after leaving Manchester Ringway we hit Euston.

British Shipbuilders admits copying warship design without authority

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH Shipbuilders admitted in the High Court yesterday that it had constructed and tested models of a controversial warship design without the authority of the designers, and that evidence resulting from the tests had been destroyed or gone missing.

The nationalised corporation, which comprises all major British shipbuilding concerns, admitted that the two models had been based on the vessel's hull plan, copied without the designers' authority.

Existence of a second model had been "actively concealed" from the designers until last week, British Shipbuilders admitted. The model itself was destroyed last May.

The admissions were made at a preliminary hearing in an action in which Osprey Ltd and T.T. Boat Designs, designers of the 50-metre offshore patrol vessel Osprey, allege that British Shipbuilders have infringed the copyright in the vessel's hull design.

Mr William Blackburne, for British Shipbuilders, told Mr Justice Whitford that the models had been made and tested at the Ship Model Experimental Tank (SMET) at St Albans.

Senior officers of British Shipbuilders, of which SMET was a subsidiary, had only recently learned that a second model had been made and subsequently destroyed.

Mr John Mummery, for the designers, said that it was only last week that Osprey learnt from British Shipbuilders that a second model had been made and tested and that the evidence about it had been destroyed or gone missing.

The judge said that British Shipbuilders should swear an affidavit giving details of the circumstances surrounding the construction and testing of the second model, and of what had happened to the test documentation.

He adjourned the application that Osprey should lodge in court £45,000 security for British Shipbuilders' costs, as a condition of being allowed to proceed with the action.

Mr Blackburne told the court that British Shipbuilders had offered to settle the action by giving undertakings in substantially the same terms as injunctions sought by Osprey, and paying £100 damages, or such other sum as was found to be appropriate. Osprey had not responded to that offer.

He said that British Shipbuilders admitted copying the Osprey's hull plan without the designers' express authority. But he denied infringement of copyright or breach of confidential information.

"The Osprey design had been a matter of controversy for some years. Osprey said it provided production economies while maintaining efficiency in "sea-keeping."

The shipbuilding and naval establishment, represented by British Shipbuilders, had taken the view that there was nothing novel in the design, which had a number of serious snags, and which derived from a vessel that had been built for the Mexican Government, which owned the design copyright.

In discussions in November 1980, involving Mr Robert Atkinson, British Shipbuilders' chairman, and Mr Reginald J. Daniel, one of its directors, British Shipbuilders had been persuaded by Osprey to reassess the design.

It was a matter of acute controversy whether British Shipbuilders had been authorised to make a test model, but no proper reassessment of the design could have been made without a model being constructed and tested.

That process had begun shortly after the November discussions, with testing in early February 1981. In late March last year, Osprey was informed that one model had been made and tested. Osprey protested and started legal action against British Shipbuilders, British Shipbuilders Hydrodynamics, Mr Daniel, Mr David Moor, superintendent of SMET, and Vickers Shipbuilding and Engineering.

Solicitors' right to advertise supported

By David Churchill

A STRONGLY-WORDED attack on the failure of the Law Society to allow individual solicitors the freedom to advertise their services was made last night by Mr Gordon Borrie, director general of fair trading.

Mr Borrie told a London meeting that "five years of discussion and argument on the issue was long enough." He added that "we need to put an end to the unreasonable—and for some in the profession unfair—restriction on competition."

Mr Borrie's comments follow various reports in recent years urging the Law Society to allow solicitors the freedom to advertise. In 1976 the Monopolies and Mergers Commission suggested such freedom, followed in 1980 by a Royal Commission report.

Mr Borrie stressed that it was only suggested that solicitors should be given the freedom to choose whether or not to advertise. He also suggested that advertising could eventually lead to lower charges.

High technology plan boosted by £2m

BY TIM DICKSON

LLOYDS BANK and Birmingham City Council announced yesterday that they are each putting £1m into a new company to fund high-technology investment in Birmingham.

The joint initiative will be closely associated with the new Aston Industrial Science Park, a site which adjoins Aston University and which is intended to be a breeding-ground for emergent high-technology business.

Birmingham City Council has already invested £2.5m in the site, to buy and renovate property. Phase I of the park is due to open this spring.

The £2m Lloyds-Birmingham City Council initiative is designed to promote and to provide financial assistance for new ventures setting up on the site.

Although limited by guarantee, the company has no capital of its own. The funds consist of interest-free loans from the two partners. Assistance will be given in the form of grants, loans and, where appropriate, equity capital.

A full-time managing director will be appointed. Lloyds plans to second a senior manager. The company's board will include representatives of the bank, the city council and Aston University.

Lloyds said yesterday the new company would help companies "very much at the pre-launch" stage. The bank would put in its £1m interest-free for two years, at which point the whole project would be reviewed.

Sir Jeremy Morse, chairman of Lloyds Bank, said yesterday: "Over the years Birmingham and the West Midlands have often seen hard times but never has there been a greater need for the effective application of imaginative ideas. The Industrial Science Park is just such an idea and we are very glad to back it with both funds and people."

Companies moving on to the park site can call on the expertise of 500 academic staff at the university. The interaction of university and tenants is expected to be a key to the park's success.

It is expected successful companies will expand to other sites earmarked by the city council.

The initial impact on jobs is expected to be small. It is hoped the long-term employment benefits will be significant.

Lloyds Bank services to smaller businesses, Page 12

Talbot says Coventry layoffs indefinite

By Arthur Smith, Midlands Correspondent

TALBOT told union leaders last night it could not give a recall date for 1,900 Coventry workers laid off because of problems with a contract to supply car kits to Iran.

The workers were laid off on December 11, originally for nine working days. The company blamed slow assembly in Iran caused by shipping difficulties and shortages of components made in Iran.

Talbot stressed its confidence in the contract, which it said would be worth £1bn in the next five years.

The company stopped production of the kits because of the increase of stocks in the UK. Exports from Newport have been held up, partly by Iran's failure to provide letters of credit to pay Talbot.

The company said yesterday it was confident of receiving a letter of credit for 5,000 kits in the next few days. Production could not be resumed until arrangements had been made to ship all the kits held in the UK.

The company refused to give details of how many kits are in the UK. Union sources put the figure at about 27,000. Talbot shipped about 70,000 last year and in 1980.

Exports were down because of the economic disruption in Iran. Talbot believes there is demand for about 100,000 kits a year.

● Senior Talbot shop stewards decided in Coventry yesterday to recommend acceptance of the company's pay offer to the 5,000 manual workers. Mass meetings will be held in the next week, but there are no signs of militancy among the workforce.

The company has refused to budge from its original offer of a 2½ per cent pay rise from January 1. It conceded that about £5 of bonus earnings, currently running at about £10-£15 a week, will be consolidated into basic pay.

Rolls-Royce in U.S. funds move

BY DUNCAN CAMPBELL-SMITH

ROLLS-ROYCE — the state-owned aero engine company — plans today to join the British public and private sector companies raising funds in the U.S. commercial paper market. It will sell up to about $20m of short term debt as the first tranche of a total $250m borrowing to be guaranteed by the UK Government.

The total will complete Rolls-Royce's external borrowing requirement as agreed with the Government 2½ years ago for the period up to the end of 1981. It comes on top of the £140m borrowed in January 1980 and will take account of the company's net £200m cash outflow last year.

It should only remain for Rolls-Royce, under its present plan, to provide for a net £100m cash outflow for this year. Mr Peter Molony, the financial director, confirmed yesterday that it is intended to fund this with one further external borrowing as well as additional Government equity already arranged. Cash flow is then scheduled to break even next year.

Rolls-Royce said it was attracted to the U.S. commercial paper market because it offered the lowest rates available to prime borrowers anywhere.

The company has a large proportion of its business in the U.S. Naturally, it is not averse to being seen carrying the full guarantee of the UK Government in New York financial markets.

The borrowing programme will be covered at every stage by foreign exchange operations to eliminate the dollar/sterling exchange risk on repayment. Though raised in New York, it effectively will be sterling debt.

It is expected that the full amount of the issue will be launched over a period of 5-6 months — as in the cases of British Gas and the Post Office (now British Telecommunications) which went to this market for $250m each in 1978-1979.

The rate of interest applying at each stage of the issue will be decided according to prevailing conditions by Lehman Brothers, the company's New York investment bankers.

Market conditions will also dictate maturities, though it is hoped to extend these nearer to the market's limit of 270 days as the issue progresses.

All tranches anyway will be rolled over as they mature, giving the whole borrowing a long-term standing.

Scuttled tanker cargo 'not lost'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

INSURERS OF the cargo of the tanker Salem, scuttled off the West African coast in January 1980, appealed yesterday against a court ruling that the cargo was lost as a result of a peril covered by the insurance policy.

The insurers challenged in the Court of Appeal the finding of Mr Justice Mustill in the Commercial Court last April that the loss of the 196,231 tonnes of crude oil on the Salem had been a "taking at sea" against which the cargo owner, Shell International Petroleum, was insured.

The Commercial Court held that the taking occurred when the Salem, at the instigation of the conspirators who perpetrated the fraud, diverted from its ostensibly voyage from Kuwait to Europe and discharged the bulk of its cargo at Durban.

Shell was held to be entitled to $25.5m from the insurers, having already recovered the $30.5m balance of the cargo's insured value from SFF Associated and South Africa's official oil purchasing agency.

The cargo was insured by 69 Lloyd's syndicates and 29 insurance companies. Mr John Hobhouse, QC, for the insurers, told the Appeal Court the agreed facts about the conspiracy and the loss contained nothing to support a finding that there had been a taking at sea.

What there had been was an "acquisition by false pretences with a dishonest intention"—a fraud not covered by the standard ship and goods policy on the cargo.

The hearing continues today.

Retirement leads to Burmah reshuffle

BY RAY DAFTER, ENERGY EDITOR

THE BOARD of the Burmah Oil Company is being reshuffled as a result of the planned retirement of Mr Stanley Wilson, group chief executive and managing director.

Mr Wilson, with Sir Alastair Down, now non-executive chairman, has been largely responsible for the recovery of Burmah following its financial collapse in 1974-75. Mr Wilson is to retire on June 4.

Mr John Maltby, executive director responsible for Burmah's oil interests, will be appointed deputy chairman. Mr Campbell Anderson, executive director responsible for Burmah's industrial interests, will become managing director.

Mr Lawrence Urquhart, finance director, will be appointed chief executive of Castrol Worldwide.

Burmah, currently involved in a takeover bid for the Croda International chemicals group, said yesterday that a new group finance director would be appointed in due course.

Mr Maltby, who will have overall control of policy matters, joined Burmah in January 1980 having been chief executive of Panocean-Anco from 1976. He had previously been managing director of Panocean Shipping and Terminals, a chemical transport and storage company jointly owned by Ocean Transport and Trading and the Peninsular and Oriental Steam Navigation Company.

Mr Anderson, who will be in charge of day-to-day management affairs, joined Burmah in 1971

Suggestions of recovery 'premature'

By Arthur Smith, Midlands Correspondent

SUGGESTIONS FROM Whitehall and Westminster of an improvement in industrial activity were premature, Mr Chris Walliker, chairman of West Midlands region of the Confederation of British Industry, said yesterday.

Businessmen in the country's industrial heartland would believe in the upturn only when they saw orders rising. Evidence of a very slight improvement in demand was only tentative. Business confidence remained low.

He said, however, that many Midlands companies had moved into new markets, introduced new products and raised productivity.

The CBI, in an initiative to help companies pool information and seek solutions to the region's problems, was staging a conference "Winning Through" in Birmingham on March 4.

Living standards and company profits improve

BY DAVID MARSH

BOTH company profits and personal living standards improved in the third quarter of last year, benefiting from the slight upturn in the economy.

Government figures published yesterday show that gross trading profits of the company sector rose about 10 per cent, seasonally adjusted, between the second and third quarters. Living standards, measured by real personal disposable incomes, increased by a less dramatic 0.5 per cent—the first rise since the end of 1980.

The improvement in corporate profitability comes partly in response to an increase in trading volumes, as well as to drastic pruning throughout the recession. Many companies have been rebuilding their finances by laying off staff and cutting stocks.

The small rise in living standards in the third quarter was due to a smaller fall in employment and a rise in hours worked. In spite of the increase, purchasing power of average incomes was still 3 per cent lower in the July to September quarter compared with the same period in 1980. This reflected the impact of higher taxes and the lag in wage rises behind inflation during the year.

Between the third quarters of 1980 and 1981 total personal income grew 9 per cent but taxes rose 15.5 per cent and national insurance contributions 17 per cent. This reduced the rise in disposable incomes to only 7.5 per cent—which, after allowing for inflation, amounted to a fall of 3 per cent in real terms.

● Spending in the shops in November fell less than originally thought, the Department of Trade said yesterday. It issued revised figures showing that the seasonally adjusted index of retail sales volume fell 0.9 per cent in November compared with October to 111.0 (1976=100). This compared with the original estimate made last month of a 1.4 per cent decline.

British tractor purchases may increase in 1982

By Richard Mooney

TRACTOR PURCHASES by British farmers are expected to increase 8.3 per cent this year, according to the Agricultural Engineers Association.

In 1981 the total fell 2.2 per cent to 20,773 units but there was a noticeable rise in the second half. By midsummer the level was running 14 per cent below the previous year's level. But the market recovered from August, helped by improved harvest prospects. The second half showed a 13 per cent improvement over the same 1980 period.

The most popular power range last year was 65-80 horsepower, which accounted for a third of sales.

In terms English farmers bought 0.8 per cent more tractors in 1981 than in 1980. But the Welsh bought 11.5 per cent, the Scottish 9.9 per cent and the Northern Irish 17 per cent fewer.

Owen urges that Britain should cancel Trident

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT'S decision to modernise Britain's nuclear deterrent with U.S. Trident missiles should be cancelled, Dr David Owen, one of the leaders of the SDP-Liberal alliance, believes.

Dr Owen, who was Foreign Secretary under the last Labour Government, said on Granada TV's World in Action last night that he thought any SDP-Liberal government "should cancel" Trident — especially since "vast costs" would not have been incurred by 1984.

Dr David Greenwood, director of the Aberdeen Centre for Defence studies, said on the programme that he believed the cost of Trident, at July 1980 prices, would now be about £8bn against the original government estimate of £5bn.

The programme also examined the Chevaline project which is designed to modernise the British Polaris missile. Chevaline's projected costs have risen from an original £240m—when it was approved in 1974 by Mr Harold Wilson, then Prime Minister, to an estimated £1bn today.

During the Labour government the cost of Chevaline was not disclosed to Parliament.

Dr Owen, who in 1976 became part of the small group of ministers concerned with Chevaline, said on last night's programme that he thought the Labour government of that time could be justifiably criticised for concealing Chevaline's costs.

He said he had agreed that Chevaline should continue in 1977 because so much had been spent on it. However, he made it clear that he saw no strategic need for Chevaline since there was no need for Britain accurately to target Moscow.

Danger of Britain falling behind in producing complex software

BY GUY DE JONQUIERES

BRITAIN is in danger of falling behind in production of the complex programming systems needed to apply computer power more widely in manufacturing, telecommunications and defence, a report prepared by the National Economic Development Office warned yesterday.

The report by the NEDO electronic capital equipment sector working party, said although Britain had considerable expertise in this type of programming, the industry's development was hindered by inadequate investment, unnecessary duplication of effort and the fragmentation of resources.

The working party called on the Government and nationalised industries to standardise technical requirements for real-time software—the programming which enables computers to react instantaneously to changes in the data which they are required to process—to help provide additional tools for software suppliers and to co-ordinate existing public support programmes for research and development.

The public sector accounts for more than half the British market for real-time software.

Real-time software provides a crucial link in applications like defence and process control, where a computer must respond quickly to a flow of continuously changing information. It can account for as much as half the value of a complete system.

The report surveyed 11 British companies employing 4,400 people to write real-time software. It contrasted their fragmented structure with the situation in Japan, where one company — Toshiba — has set up a software factory employing 2,000 people.

It said co-ordinated investment on this scale was not being carried out anywhere in Britain, with the possible exception of the joint effort by British Telecom and telecommunications manufacturers to develop System X, Britain's advanced electronic telephone exchange.

Most real-time software being produced in Britain was tailor-made to suit individual customers. The resulting systems were often so specialised that they could not be adapted to a wider market and the experience gained in developing them was effectively lost.

Britain must expand rapidly into the development of "standard" real-time software, which could be used in a wide range of applications, if suppliers were to remain internationally competitive.

Standard packages accounted for only 8 per cent of the UK software market—against 25 per cent of the U.S. market—and 70 per cent of its standard software was imported from the U.S.

The report criticises the Ministry of Defence, a major real-time software purchaser, for not doing more to help suppliers.

Jason Crisp writes: The BBC's major "computer literacy" project started yesterday with the transmission of the first of a 10-part series giving the layman a practical introduction to computing.

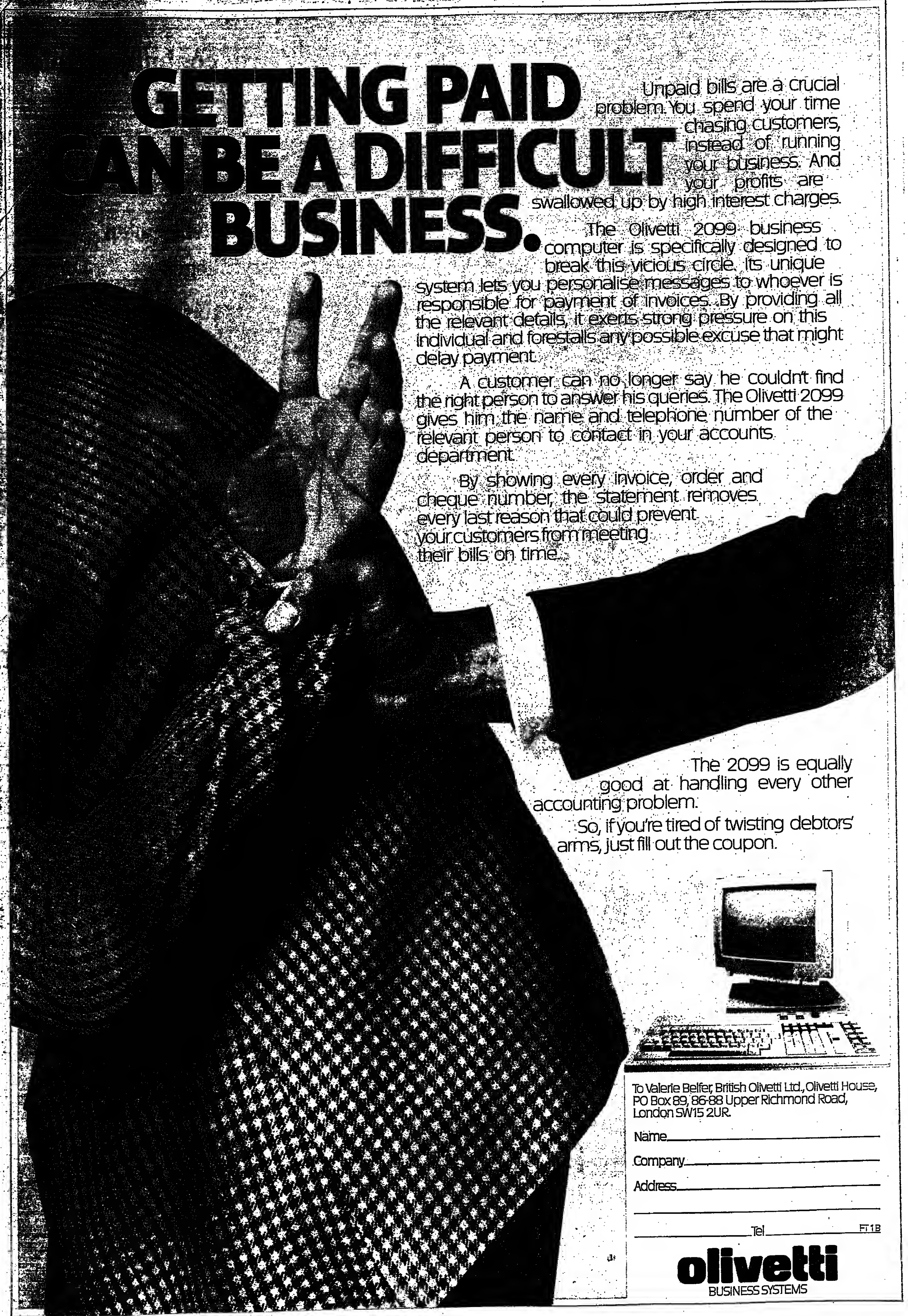
The project goes far beyond the television programmes themselves and has involved a wide range of organisations from government bodies to small private companies.

The BBC is selling its own microcomputer, publishing a general book on computers, publishing its own computer programs and providing a contact service to put people in touch with computer clubs and educational organisations.

A correspondence course on programming the BBC microcomputer is being run by the National Extension College in Cambridge.

The basic version of the BBC microcomputer costs £235. A more sophisticated model capable of being connected to more peripherals and extended into a more powerful machine costs £335. They can use a television set for visual display and are made by Acorn Computers.

Real-time software R&D in the UK: a survey and recommendations for action, NEDO.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BUSINESS SYSTEMS

No more offers, coalminers told

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS were warned by the National Coal Board yesterday that there will be no further wage offer if they reject the present one in their ballot later this week.

Members of the Board were deployed to Scotland, Staffordshire and Nottingham, to try to counteract the message being put out by leaders of the National Union of Mineworkers. The leaders are asking their 250,000 members to reject the 9.3 per cent offer and deliver a mandate for a national strike if necessary.

In virtually identical language, the directors said that even a vote for strike action would not produce more cash. The NUM has been saying that the threat of industrial action will be enough to force an increase from the board or the Government.

The NCB campaign is being conducted by Sir Derek Ezra—his last negotiations with the NUM before his retirement this summer. He and the board have been encouraged by reports from the coalfields that there is no "head of steam" behind the NUM pay claim for a rise equivalent to 24 per cent.

Sir Derek said in London that the board had reached the limit of what it could pay and that any further wage rise would mean lost customers and therefore lost jobs. The industry's investment programme would also be reduced.

"The board is not prepared to take these steps and cannot offer any more money-even if faced with a strike threat," he said. Mr Nigel Lawson, the Energy Secretary, speaking at the same function—a luncheon of the Coal Industry Society—reinforced Sir Derek's warning in a more oblique fashion.

Mr Lawson said he would soon be introducing new legislation to increase the board's external financing limit and the miners should pause to consider whether they wanted to work in an expanding industry or one which was stagnant or even declining and pricing itself out of markets.

Most of the NUM's area delegates have voted to reject the board's offer and have been campaigning for support in the ballot that will be held from tomorrow until Friday. One constituency of the union, the Staffordshire-based power group which has 6,000 craftsman members, voted to accept.

Militants admit that it will be difficult to win the 55 per cent majority needed to give the union authority to call a national strike, but are still confident of doing so.

Union poll forgery alleged

FINANCIAL TIMES REPORTER

SOME BALLOT papers in an election for general secretary of the Boilermakers' Union were forged, it was alleged in the High Court in London yesterday.

Union district official Mr Barry Williams, who makes the allegation, also claims some other votes were wrongly allowed or wrongly disallowed by the union's executive.

Mr Williams challenges the validity of the 1980 election in which Mr James Murray, of Newcastle-upon-Tyne, was declared the winner after the count of votes had twice been revised following protests.

Mr Williams maintains the voting results and returns were sufficient to give him a majority over Mr Murray and entitle him to be declared elected general secretary.

The union—the Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers—and Mr Murray deny the allegation of forged papers and contest the other claims by Mr Williams.

David Turner-Samuels, QC, for Mr Williams, said he was "making an allegation that ballot papers were forged by or for Belfast No. 1 Branch."

Mr Justice Dillon is being asked to rule either that Mr Williams won the election or to declare it null and void because of alleged irregularities.

Mr Williams claims the executive included votes from certain branches when they should have been excluded through breach of union election rules.

He also complains certain votes were allowed and others disallowed contrary to union rules.

Mr Turner-Samuels said Mr Williams would, if necessary, also invite the judge to say that the union acted "arbitrarily and with bias and partiality."

He said it had emerged that some branches had not sent ballot papers in with their voting return forms. This meant the executive could not carry out a spot check on the accuracy of the voting returns.

"This must be an especially important matter when an election is close-run," he said.

The union contends that ballot papers were available for inspection by Mr Williams when he appealed to the general council. The hearing continues.

Lorry men give strike ultimatum

By Brian Groom, Labour Staff

SHOP STEWARDS representing about 15,000 London and South-Eastern lorry drivers in the private hire-and-reward sector have threatened to strike from January 25 if employers do not raise their 4.9 per cent pay offer.

Elsewhere, settlements are beginning to emerger in 21 regional negotiations at about 6-7 per cent. Deals of 6.5 per cent in Kent, 6.2 per cent in North Humberside, and 7 per cent in the East Midlands have been reached.

London and South-Eastern employers in the Road Haulage Association's metropolitan area committee who meet tomorrow would have great difficulty in raising their offer. This has been presented as a maximum figure based on a survey of what members could afford.

The offer would raise the 40-hour minimum for drivers of the largest vehicles by £4 to £85 a week. With a guaranteed five hours' overtime this would become £101.

The RHA's North Humberside deal raises the 40-hour minimum for the highest category by £5 to £86. The guaranteed week is increased from 42 to 45 hours.

The Kent Hauliers Federation deal raises the 40-hour minimum from £80 to £85.20.

Hard-hit haulage companies are trying to achieve a second year of low settlements.

Water pay deal doubts grow

BY PHILIP BASSETT, LABOUR STAFF

WATER AUTHORITIES faced further doubts yesterday whether their 9.1 per cent pay offer would be accepted by 32,000 manual workers when water workers in the Transport and General Workers' Union voted by nearly 2-1 to reject it.

But water workers in the agricultural workers' union, which claims about 1,000 members in the industry, voted by about 3-2 to accept the offer on a low poll of about 350 returns.

Technically, the farmworkers' vote should tip the overall trade union side position in favour of acceptance. The industry's largest union, the General and Municipal Workers', has shown a majority in favour, while the second largest, the National Union of Public Employees, has rejected it.

The voting allocation on the trade union side is: GMWU (10 seats), Nupe (6), TGWU (3) and the agricultural workers (1). On present overall positions, this should give an 11-9 majority in favour of acceptance.

Efforts were being made yesterday to arrange an early meeting of the union side, probably this week.

The GMWU represents about two-thirds of the industry's workforce, but its own vote was split, with only about 55 per cent in favour. Three large regions all rejected the offer, and the suggestion was raised yesterday of their not voting in line with the overall GMWU position.

If that happened, and three of the union's 10 votes swung against acceptance, it could leave the union side not with a majority in favour of 11-9 but perhaps with a majority to reject of 12-8.

Polish row hits TUC links with E. Germany

BY CHRISTIAN TYLER, LABOUR EDITOR

THE FIRST signs of a rift between the British and East European trade union movements over Poland emerged yesterday.

The TUC's international committee decided to break off diplomatic relations—exchange visits an dother contacts—with the East German trade union centre FDGB. It will be advising affiliated unions of its decision.

The TUC's decision followed a message from the FDGB which rebutted in angry terms the TUC's call to East European unions to put pressure on the Polish authorities to free imprisoned trade unionists and restore civilian rule.

The only other East European trade union centre to reply so far is the SZOT in Hungary. According to the TUC this organisation had showed "some measure of understanding" of the concern expressed by the British trade union movement.

Meanwhile a European TUC request for visas so that senior officials, including Mr Len Murray of the TUC, could visit Poland has been turned down. The TUC said the authorities had said such a visit would not be appropriate while martial law continued.

In its reply to the TUC, the East German federation said it rejected the TUC'a view of events in Poland. The military takeover had saved the country from "chaos and ruin" and made possible a return to a normal situation.

Insurance pay action called

By Our Labour Staff

THE ASSOCIATION of Professional, Executive, Clerical and Computer Staff is asking its members at General Accident insurance company to begin an overtime ban and work-to-rule against a 7.8 per cent basic pay offer.

Apex claims to represent about 1,200 of the 10,500 staff. Negotiators of the Association of the Association of Scientific, Technical and Managerial Staffs, which claims to represent 5,500, have recommended rejection of the offer. ASTM's General Accident executive meets today.

Tees dockers reject 9.5%

By Brian Groom, Labour Staff

HOPES are rising that the ten months of disputes at the Port of Southampton are reaching an end. But at Tees Dock in the north-east, 550 dockers are in the ninth week of a strike, after rejecting a new pay and productivity offer.

A mass meeting of the Tees Dock men rejected a 9.5 per cent package at the weekend.

At Southampton, the dispute between the British Transport Docks Board and 150 cargo checkers has reduced working hours to Monday to Friday day-shift only since October 28. But the area of dispute has now been reduced to the backdating of any agreement on new shift patterns.

MPs act on Sealink row

BY IVO DAWNAY, LABOUR STAFF

THE STRIKE by 1,200 Sealink UK officers continued to halt all sailings by the British Rail ferry subsidiary yesterday as several MPs demanded action from the company to save jobs.

Mr Tim Rathbone, Tory MP for Lewes, will today have talks with Mr John Bosworth, Sealinks' chairman, following a visit to the 5,590-ton Senlac at Newhaven yesterday. More than 200 officers and ratings are occupying the ship after being given redundancy notices last week.

Mr Rathbone said management's decision to withdraw from the Newhaven-Dieppe route was somewhat hasty. He would ask British Rail's board to provide finance for the seamen to take over the business.

Mr Jim Spicer, Tory MP for Dorset West, has expressed his concern to Mr David Howell, the Transport Minister, over the future of the Weymouth-Cherbourg service.

Mr Bob Mitchell, MP for Southampton Itchen and Social Democratic Party shipping spokesman, has asked the Government to urge Sealink to enter frank talks with the seamen over its future plans.

The company is to meet leaders of the Merchant Navy and Airline Officers Association and of the National Union of Seamen today

APPOINTMENTS

TECHNOLOGY

EDITED BY ALAN CANE

Dentistry in the 20th century

IN the second of her articles on modern dentistry ELAINE WILLIAMS looks at the use of computers and electronics to ease the visit to the dentist's chair.

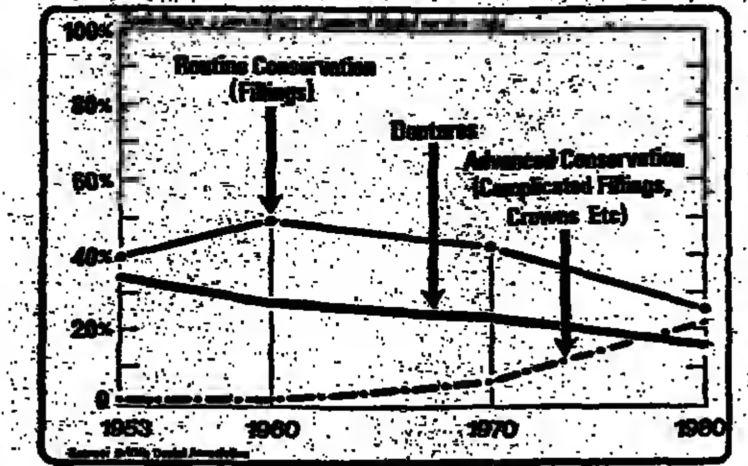
HAVING ALL your teeth removed as a 21st birthday present seems bizarre today but it was all too common 30 years ago.

The idea then was to prevent dental problems in later life. By contrast, the extraction of a decayed molar—past all hope—is regarded today as one of life's minor tragedies.

To cope with the public's reluctance to part with teeth brought about by better general health care, dentists have evolved sophisticated techniques for filling awkward holes, plastering over the cracks and rebuilding teeth from stumps.

Electronics are gradually appearing in the dentist's surgery in the guise of speed controls for drills, ultrasonics for removing hardened layers of tooth-destroying plaque, and meters which chart the dentist's progress through the tooth during delicate root and nerve treatments.

Computers are beginning to play a part in the surgery with electronic record keeping which can be called onto a television screen while the patient is being treated, but they also have a role in controlling drills and other equipment in the dentist's hand.



This is shown by Siemen's Studio 3000 which allows information about a patient to be updated during a check-up. It keeps lists of appointments and accounts.

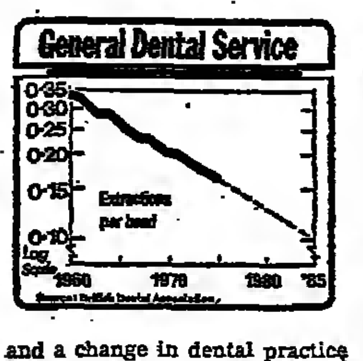
Only 2 to 3 per cent of Britain's 20,000 dentists have computers in their surgeries because only the larger practices can afford them. With an average annual salary of about £14,000 most dentists choose more basic equipment.

This means that the UK tends to miss out on the most sophisticated equipment at a time when more people are needing complex treatment to save their teeth.

Professor Keith Mortimer, head of conservative dentistry at the Royal Dental Hospital in London said: "Because dentistry is becoming more complicated patients will spend up to an hour in the dentist's chair compared with 15 to 20 minutes previously."

Today, about 22 per cent of money spent on dentistry under the Health Service goes towards advanced treatments such as saving roots, inserting crowns and inlays compared with only 1.8 per cent in 1953.

Professor Mortimer says that the ordeal of a prolonged visit to the dentist has been made bearable by several innovations and a change in dental practice in the past 10 to 15 years.



"Equipment has been streamlined, high speed air turbine drills cut through tooth enamel more quickly, and X-ray machines which can photograph the whole mouth with one photograph, give dentists a better picture of what's going on," he said.

Professor Mortimer pinpointed the introduction of water-cooled air turbine drills—rotating up to half a million times a second—as the greatest advance in the past ten years in the equipment field.

The new drills replaced ones which were ten times slower. These drills tended to vibrate causing an unpleasant shuddering sensation, apart from their slowness in drilling through the tooth.

With the new equipment has come changes in dental practice with greater participation by the nurse whose previous role confined to mixing fillings and sterilising equipment.

Dentists now sit, instead of standing over, their patients which has resulted in smaller and more streamlined equipment.

Coming to the market are the tiny optic fibres near the drill bit to illuminate the cavity as it is drilled. These are already available in the U.S. and now in the UK.

Outside the equipment field, researchers at Guy's Hospital are trying to develop a safe vaccine which could prevent caries—tooth decay caused by lack of Vitamin D and calcium salts which is prevalent in children.

However, the UK market for dental equipment is stagnant at about £60m and dominated by overseas companies such as Siemens, Kavo and Ritter in West Germany and American MidWest, AD International, part of the Dentsply group, and SS White in the U.S.

The few remaining British manufacturers include Nesor Equipment, Tridac Dental Equipment and the Wright Dental group.

The longer people keep their teeth, the more dentists will be needed which may eventually stimulate the UK equipment market, if the Government allows more places in dental schools.

Today, dentists care for 690m teeth still attached to adults. In 40 years' time they will have to meet the challenge of more than 1.1bn teeth.

Compact fibre optic transmitters launched

BY GEOFFREY CHARLISH

COMPACT FIBRE optic transmitters and receivers that can deal simultaneously with digital signals up to two megabits/sec and analogue signals over the 10 Hz to 1.0 MHz range have been put on the market by Burr Brown International (0923 33837).

Designated FOT110 and FOR110 respectively, these units contain all the necessary circuits to form a communications link of up 1.7 km using silica cables, or 100 metres with plastic fibres.

Also available is an infra-red option for the transmitter which permits link lengths of up to 7km, using the standard receiver.

As far as digital signals are concerned the new units, which are housed in 32 pin dual-in-line packages, can be used without any additional components.

Although most applications will be either digital or analogue, the FOT110 is unusual in that it can transmit an amplitude modulated signal simultaneously with TTL signals over the same cable.

Signal input voltage modulates the brightness of the light emitting diode—1.1 volts peak-to-peak gives 100 per cent modulation. Transmitter output can be turned down to avoid saturating the receiver in short links.

The receiver is a hybrid device that offers a TTL level digital output and an analogue output. Signals are converted by a photodiode and amplified to provide the analogue signal while the TTL output is achieved using comparators.

Better workstation performance

AN IMPROVED raster graphics workstation is now available from Gerber Systems Technology for use in conjunction with the company's IDS-80 computer-aided design/manufacturing equipment.

Incorporating an independent HP1000E computer with 256k of high performance memory, the unit is claimed to offer "significant improvements" in multiworkstation performance compared with more conventional systems.

Distributed processing techniques have allowed the company to offer "extremely fast" rates of screen updating. The new workstation also has powerful screen dynamics, erase and rapid scanning/zooming features.

More on 0932 55951.

All weather Nite Lynx

LOW LIGHT television cameras that can "see" in lighting conditions that the human eye perceives as virtual darkness have been available for some 15 years and have been progressively improved, particularly in terms of their stability.

Now, Philips Business Systems is offering a system called Nite Lynx which can deal with a range of lighting levels claimed to be "far in excess of previous generations of low light camera systems."

The automatic control system of the camera allows it to operate in all weather conditions from bright sunlight to well below starlight standard.

The result is a system that will meet the increasng need for year round, 24-hour surveillance in industrial, police and military applications. In particular, Nite Lynx eliminates the need for night time exterior floodlighting, reducing electricity bills. The camera has all the usual remote control and weatherproofing facilities. More on 0223 245191.

Induma 'blows-up' its turret mill

BY MAX COMMANDER

ALTHOUGH well known for their flexibility in most machine shops, turret mills do not readily blow up to larger versions. The majority of tools tend to be in the one to four horse power range.

Induma believes it has solved the problem with its TMS model, a 7.5 hp tool with infinitely variable speeds in the 40 to 4,000 rev/min range.

The TMS moves the Y axis from the knee to the top of the column thereby giving only X axis travel and vertical travel at the knee. The turret head is carried on the end of a ram to generate Y axis movement.

The company claims that this makes it easier for the table top assembly to accommodate loads up to 800kg, likely to be encountered when the extended traverses are taken into account.

The tool has 1,000mm of travel on the longitudinal axis and 500mm on the cross and vertical axes. The latter are powered by dc drives providing longitudinal and cross feed rates of 10 to 2,000mm/min feed rates with a five to 1,000mm/min vertical feed.

The turret head has a 120mm diameter quill with 140mm of longitudinal travel. The Induma range is available in the UK through BK International Machine Tools, Europa Trading Estate, Fraser Road, Erith, Kent (Erith 47611).

THE INDUMA TMS turret mill available in the UK from BK International Machine Tools, Erith, Kent

Volume assembly glue gun

An electro - pneumatically operated glue gun, said to be ideal for high volume assembly and capable of bonding almost any material within seconds has been introduced by BeA Fastening Systems of Beverley, North Humberside.

A 400 watt heater gives a warm-up time of three to four minutes and the gun is able to deliver up to 5.5 kgs of hotmelt per hour. Adhesive is provided in 70 gramme 43 mm diameter cartridges with a reserve cartridge in the gun prior to reloading.

Operation is at 50-100 psi, the gun will dispense all Flo-Fix adhesives and can be used at any angle. A feature, the company claims, is a solid state variable temperature controller to contain the gun temperature to within 5 deg C of the selected setting.

Full details about the AM400 from 0482 861075.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES on offer to the public. For further details please ring 01-248-8000 Ext. 3406

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Lloyds looks for reasons to say 'yes' rather than 'no'

The third in a series on the UK banks' services to smaller businessmen

Small Business
BY TIM DICKSON

"I ONCE visited a very small company where I stood on my feet for three days. There was literally nowhere to sit down."

Brian Davies would not suggest that this experience is typical, but as the Lloyds Bank Business Advisory Service manager for the North West of England, he uses the story to show that bank managers do not just sit behind large desks in plushly carpeted offices.

A career banker who has come through the ranks since he joined the Lloyds' Neath branch in 1957, Davies is now one of a 19-man team up and down the country which tries to help small firms overcome their financial problems (see article below). In the last three years he has visited around 100 companies in his region.

"I believe the first priority is to cement a working relationship with the man running the company," says Davies. "Most want us to be there, but some tend to be a bit suspicious at first.

"I find that many of the people I meet are simply glad to have someone to talk to. They are obviously wary of rivals and seldom have an opportunity to talk to their bank manager or accountant at a long stretch. It is amazing how they do open up."

But Davies is not just there to chat. "What I try to find out is what the customer is trying to achieve. The answer is usually 'profits,' but when it comes to the 'how' and the 'when' people become much more vague."

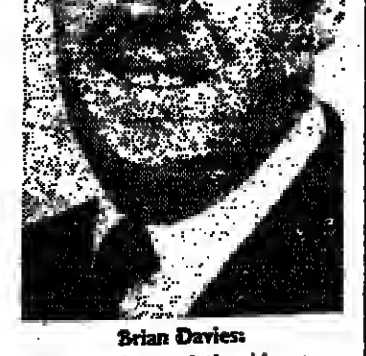
The biggest problem, he says, is that many companies do not actually know their current trading position.

"I can think of dozens that have had a gut feeling that they are doing well, but this is probably through just looking at sales. If stocks are down, the position may not be as rosy as it seems. If you don't know where you are now, how can you plan ahead?"

Davies often comes across businessmen who have already identified areas for improvement but have not acted on the information. "Some, moreover, identify the wrong areas. For example, one I know mounted a major attack on overheads but it turned out that as a proportion of sales these were not very significant. Material costs were much more important and the company should have been looking for ways to reduce these."

Davies is obviously an enthusiastic advocate of the Lloyds Bank Business Advisory Service. He feels the biggest benefit is the improved understanding of small businesses which BAS managers—and branch managers through receiving the reports—have acquired through visits.

"As bankers we have got to learn more about our customers. You can't just automatically say that you want to see the monthly stock lists, because that may be a totally impractical request. This would certainly be true, for example, for an electrical wholesaler who stocks lots and lots of small items. He may be able to do the check six-monthly, but that's as much as you can expect."



Brian Davies: working relationship

Davies admits that he knows a lot more now than when he started out as a BAS manager in 1978, and he implies that experience is the best training.

"In the past banks tended to look behind the figures to see why they couldn't lend. Now we are getting behind the figures to see why we can."

A late starter gains ground

LLOYDS admits that it was a little slow to appreciate the needs of small and medium-sized firms—but over the past three years the bank has been making energetic efforts to gain ground, particularly through its Business Advisory Service (BAS).

Helping companies run by people who are not financial specialists is certainly the primary aim, but Lloyds also sees BAS as a useful means by which it can lure customers away from other banks.

Set up in 1978—three years after Barclays blazed the trail—Lloyds now employs one trained BAS manager in each of its 18 regions.

The service can be used by any company with a turnover of between £100,000 and £10m and involves a basic assessment of past performance, present position and future plans. This is carried out by a BAS manager, whose visit lasts about five days and results in a 10-12 page report, including an analysis of audited accounts, cash projections for the next six or 12 months, and some hints on future investment. The service is free to existing customers, though follow-up sessions cost a hefty £240 a day plus VAT.

Companies which do not have an account with Lloyds may be charged for the original visit but this will certainly be waived if the business subsequently decides to switch allegiance from one of the bank's high street rivals.

In 1980, for example, Lloyds conducted 99 BAS visits to non-customers. Of these 49 were "not attractive" to the bank but of 50 others, 32 ultimately moved their account. Lloyds claims £4m of new lending as a result, the income from which helps offset the £800,000 a year it has been spending on the service.

Comparisons with Barclays' advisory scheme are inevitable but, as both banks admit, there are probably more similarities than differences. Being later into the field, Lloyds' tally of 2,600 reports is well below the Barclays total but the basic format is the same. Until recently, Lloyds has not shared Barclays' enthusiasm for the "quickie" report which is carried out in a couple of days.

The fact that Lloyds does not have as many other goodies marked "small business" as some of its rivals to put into the shop window, is not necessarily a criticism, for the attitude of individual branch managers towards their small business customer is more important.

All the banks maintain that they are working hard to encourage a more imaginative attitude in lending, and Lloyds is no exception.

Mike Blackburn, head of the BAS, explains that, traditionally, managers have viewed small firms as the "dirty" end of the market. "Everybody loves to lend to an ICI or Unilever just as car salesmen prefer to sell a Rolls-Royce rather than a Ford Cortina.

"About 95 per cent of companies in this country, however, have less than 200 employees and the lesson we are learning is that many of these are going to grow.

"Small customers take up management time and we realise that in the first couple of years they may take up more of our management resources than a larger and more established business."

Mike Blackburn: learning the lesson that small companies will grow

Among its specific initiatives, Lloyds is particularly proud of its Asset Loans and Enterprise Loans, both introduced in the middle of 1979 but since copied by rivals. The Asset Loan is for sums between £5,000 and £25,000 at fixed rates of interest up to five years. Enterprise Loans go up to £250,000 and can be repaid over 10 years.

Lloyds has also been involved in providing money and speakers for workshops which the London-based Thames Polytechnic runs for people interested in starting their own business.

In addition, the bank has put up around £45,000 with Shell UK to pay for back-up material and local "events" following the forthcoming Yorkshire TV series "Be your own boss."

Previous articles in this series were published on December 15 (Barclays) and November 17 (Midland).

A HISTORY OF ACCOUNTANCY

When insolvency helped to launch a profession

IN December 1849 Frederick Whinney began work as a clerk with the Gresham Street accounting firm of Harding and Pullin, in London, for weekly pay of £1 5s. After eight years he was admitted as a partner and shortly afterwards the firm's name was changed to Harding Pullein Whinney and Gibbons. From that point the firm grew relentlessly, and the present day descendant is the vastly larger international firm of Ernst and Whinney.

Edgar Jones' history of Ernst and Whinney draws heavily on the UK firm's records, but places it very much in the context of the development of UK accountancy at large. The early pages are peopled by obscure Victorians with familiar names—Turquand, Cooper, Deloitte and Waterhouse to name a few. The closing chapter takes the story up to the present day "Big Eight," which dominate the profession.

Given the current fuss over the alleged activities of cowboy liquidators in the present recession, it is intriguing to note the extent to which the early Victorian accountants relied upon bankruptcy work. In 1865, for instance, 94 per cent of Harding Pullein's fees came from insolvency business and Ernest Cooper wrote that "if an accountant were required he would be found at the bar of the nearest tavern to the Bankruptcy Court in Basinghall Street."

Typically business boomed for Victorian accounting firms in slumps and tailed away in times of prosperity. Yet the Overend and Gurney banking crash in 1866 was on such a scale that it provided income for Whinney's firm for 28 years.

With the passing of company legislation in the 1850s and 1860s however the stage was set for the growth of the regular auditing business which can provide 60 or 70 per cent of the income of a big modern firm of accountants. Limited liability companies began to be formed—first a few, then by the thousand—although it took many years before the external audit became a matter of general practice.

The early decades of the 20th century were the period in which the positions of the big accounting firms were really established. The 1900 Companies Act made an external audit compulsory for all registered companies, and there were tremendous opportunities for accountants to strike up a relationship with successful companies and grow with them.

Accountants in the big provincial centres began to link up with London-based firms to provide a more comprehensive service for their bigger clients. Overseas the map was heavily coloured red, and accountants followed the trade routes.

> "If an accountant were required he would be found at the bar of the nearest tavern to the Bankruptcy Court in Basinghall Street."—Ernest Cooper, 1865.

But the really big opportunities were in the rapidly growing American economy where Price Waterhouse, for instance, had established a branch in 1890. Whinney, Smith and Whinney—as the firm was known at this period—closed its Wall Street office during the First World War, but the link with Ernst and Ernst, first forged in 1918, has survived until the present day.

Techniques of accountancy made faster progress in the U.S. In aspects like full consolidation the Americans were well ahead, and virtually all the pioneering in areas such as cost and management accounting was done in the U.S. It was the development of sophisticated techniques in companies like Du Pont that made the management of large companies a practical proposition, paving the way for the merger phenomenon that has characterised the modern Western business environment.

The wave of mergers among clients has forced the bigger accounting firms to follow suit, especially in the last 20 years. Partners in medium-sized firms came to live in fear of their clients being taken over, and losing their clients to the auditors of the aggressor. So accountants have sought security in size. In 1965 Brown, Fleming and Murray joined with Whinney, Smith and Whinney to form Whinney Murray, and in 1979 the firm merged with Turquands Barton Mayhew under the new international umbrella title of Ernst and Whinney.

Now the merger activity has largely shifted into the international dimension where the objective is to achieve consistent global coverage to suit the requirements of multinational clients. But meantime, at the other end of the profession, life among the myriad of small firms is not all that different from what it was for tiny Victorian outfits like Coleman, Turquand, Youngs or Price, Holyland and Waterhouse.

It is not, of course, exactly the same. Training is now a burden assumed, however grudgingly, by the firms themselves—mostly the big ones—where 100 years ago firms commonly demanded 500 guineas for the period of training of articled clerks, and fond parents had to provide as well for their son's daily expenses.

Edgar Jones's book is well researched and attractively written. In some ways inevitably it defers to the tastes of his sponsors Ernst and Whinney. Accountants emerge as rather dull—surely there must have been some, well, colourful episodes?—and there is nothing about such delicate matters as how much accountants have been able to earn over the years. There is a good deal more about 19th century personalities than about modern ones. Yet the book tells much about the changing role of accountancy firms in the British economy.

Accountancy and the British Economy 1840-1980: The Evolution of Ernst and Whinney. By Edgar Jones. Batsford. £10.

Barry Riley

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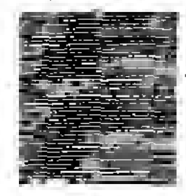

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FT COMMERCIAL LAW REPORTS

Shareholders with equal rights not always entitled to equal treatment

MUTUAL LIFE INSURANCE COMPANY OF NEW YORK AND OTHERS v RANK ORGANISATION LIMITED AND OTHERS

Chancery Division: Mr Justice Goulding: December 21 1981

WHERE A company issues new shares under powers expressly conferred by its Articles, and allocates a proportion for offer to existing shareholders only, it is under no duty to treat shareholders of the same class identically in respect of the offer provided it acts in good faith in the interest of the company and fairly as between shareholders.

Mr Justice Goulding so held when giving judgment for the defendants in an action by the plaintiffs, Mutual Life Insurance Company of New York and others, for damages for breach of a contract between the first defendant, Rank Organisation Ltd (Rank), and certain of its shareholders. The shares in question were registered in the name of the second defendant, Guaranty Nominees Ltd, an English company, on behalf of the third defendant, Morgan Guaranty Trust Company of New York.

* * * *

HIS LORDSHIP said that the plaintiffs claimed to be beneficially interested in class "A" ordinary shares in Rank, a company incorporated in England. They sued to assert an alleged right to damages for breach of contract by Rank. The contract relied on was the contract between Rank and its respective members constituted by Rank's Constituted Memorandum of Association and Articles of Association, which his Lordship would call the "membership contract" for the sake of convenience.

The acts alleged to be in breach of contract were committed in April 1975 when Rank offered for issue to the public 2m class "A" ordinary shares, hitherto unissued. The plaintiffs said that, in making the offer for sale and subsequent allotments, Rank discriminated against some of its members in favour of others, in breach of the membership agreement.

The alleged discrimination arose from a combination of two features of the offer for sale. The first was that Rank excluded applications from any person connected in certain specified ways with North America. It was not argued that in 1975 it was unlawful, when providing facilities for investment, to treat one section of the public less favourably than another on grounds of nationality. The plaintiffs' complaint arose because of the effect of that discrimination on the second feature of the offer, namely the allocation of half the new issue to existing shareholders of Rank in preference to other members of the public.

*

As a result, said the plaintiffs, some members of the company received a valuable opportunity which was denied to those members who were disqualified by their North American connection. It was valuable because the offer price of the newly issued shares was below the market price that they attracted. They said that all holders of class "A" ordinary shares were entitled to rank pari passu with each other, and to be afforded equal treatment.

The offer for sale had been the subject of much preliminary consideration by Rank's officers and advisers. The motive of the advice with regard to the exclusion of North Americans, and of its acceptance by Rank's directors, was to avoid the requirements of registration with the Securities Exchange Commission of the United States and the comparable Canadian commission. It was considered that such registration would not be in Rank's interest. The motive for giving preference to existing shareholders over members of the public was less clear.

Mr Curry, for the plaintiffs, submitted on the basis of judicial pronouncements, that shareholders of one and the same class should be given equal treatment. Each shareholder had an individual right which was infringed if the company gave some shareholders an advantage that was not given to others of the same class. He contended that those shareholders unconnected with North America received an advantage not allowed to the plaintiffs, and the plaintiffs accordingly had a right of action against Rank.

The authorities cited by Mr Curry were all clearly right in the respective contexts in which they were uttered, but they did not justify the inference of an over-riding term in the membership contract of the sort for which he contended.

The issue of share capital was covered by article 7 of Rank's Articles of Association. Under that article the directors had wide discretionary powers which covered the present transaction. The powers and provisions in article 7 were themselves an express term of the membership contract which the members had accepted. They ought not to be whittled down by any implication beyond what was required in the circumstances of the membership contract, by the ordinary principles of the law of contract.

The law of contract, in such circumstances and so far as was relevant to the action, required but two implied terms: first, the time-honoured rule that the directors' powers were to be exercised in good faith in the interest of the company, and secondly, that they must be exercised fairly as between the different shareholders.

*

The making of the offer was actuated by a genuine belief that Rank needed more equity capital, and it was abundantly clear that the directors exercised their discretionary power under article 7 in good faith and in the interest of the company.

The motive for refusing applications from persons connected with North America was only that Rank should avoid legal requirements which the directors considered would be disadvantageous to the company. The motive for the preferential opportunity given to existing shareholders, as compared with the general public, was not fully disclosed, but it formed an essential part of the considered advice given to Rank by its financial advisers and accepted by its directors. There was no allegation nor evidence that the directors had any improper motive for adopting that feature of their advisers' proposals.

With regard to the test of fairness as between different shareholders, it must be borne in mind that the equality of individual shareholders in point of right did not always require identity of treatment.

*

The North American shareholders were fairly treated on the occasion of the offer for sale, notwithstanding their exclusion from participation. Such exclusion did not in any way affect the existence of a shareholder's shares nor the rights attached to them. It was not alleged that the transaction had any effect on their market price, nor was there any suggestion that the terms of the offer for sale were improvident.

No shareholder in Rank had any right under the Articles of Association to expect that his fractional interest in the company would remain for ever constant. Moreover, the reason for the exclusion of North American shareholders was the difficulty resulting from their own personal situation. It was not Rank's fault that they were nationals or residents of countries whose laws imposed onerous obligations.

*

Finally, it was not unfair to the North American shareholders that Rank should raise capital in the way in which it was advised and its directors believed, was most advantageous for the purpose of maintaining its investment programme. The successful fulfilment of that programme would give a prospect of continuing benefit to all members, whatever their personal situation.

The action was dismissed.

For the plaintiffs: Peter Curry, QC, and Thomas Stockdale (Theodore Goddard and Co.).

For Rank: Richard Scott, QC, and Richard Sykes, QC (Richards, Butler and Co.).

For the second and third defendants: Mary Arden (Slaughter and May).

By Rachel Davies
Barrister

Stamp booklets history course

THE THIRD in a series of stamp booklets with covers featuring follies, museums, period costumes, and postal history on the covers will be available from February 1, when new postage rates come into effect.

The 50p booklet features Paxton's Tower in Llanarthney, Dyfed: the £1.25 shows Oxford's Ashmolean Museum; the £1.55 portrays women's fashions of 1830 to 1850; and the £1.43 features James Chalmers, born in Arbroath 200 years ago, who produced the first adhesive stamps.

The 50p booklet will be used in vending machines and the £1.25, £1.43 and £1.55 booklets will be on sale at all post offices.

TELEVISION

Chris Dunkley: Tonight's Choice

In addition to two new series starting tonight ITV offers another documentary by Frank Cvitanovich who made the recent extraordinary programme about Freddie Starr. Victoria Park is closer to what I think of as Cvitanovich territory: a collage of outdoor activity all occurring in a park in London's East End on August Bank Holiday. Earlier Eamonn Andrews links the first in a new international quiz series, Top Of The World. The ultimate prize is a vintage Rolls.

At 9.00 ITV launch the six part drama series Muck And Brass which deals with the sort of scandals in local government and land development which became commonplace in the '60s and '70s during massive city centre redevelopment projects. Mel Smith, the stout one from "Not The 9 O'clock News" plays the central *character, a ruthless businessman.*

BBC-2 presents Inside Aldermaston a 50-minute special from Television News whose science correspondent David Wilson has been allowed inside the weapons research establishment for the first time with a film crew. It's claimed to be simply part of an "open government" policy but, as Wilson says, it is no coincidence that it follows a huge increase in anti-nuclear feeling. On BBC-1 Robin Day starts a new series of debates on controversial matters, Talking Issue, with the question of private education.

BBC 1

9.35 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.10 Tomos A Titw. 3.40 So You Want to Stop Smoking. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 Animal Magic. 5.05 Newsround. 5.10 Grange Hill.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.55 Cartoon.
7.05 Doctor Who.
7.30 A Question of Sport.
8.00 Terry and June with Terry Scott and June Whitfield.
8.30 Solo starring Felicity Kendal.
9.00 News.
9.25 Play for Today: "A Cotswold Death," starring Ian Richardson.
10.30 Two of A Kind: John Denver and George Burns entertain.
11.20 Taking Issue: Robin Day chairs the first of three topical debates—Should Private Education be Abolished?
11.50-11.55 News Headlines.

BBC 2

11.00 am Play School.
3.55 pm Rock Athlete.
4.25 Images of War.
4.50 The River Keeper.
†5.40 Undersea Kingdom.
6.00 The Waltons.
6.50 News Summary.
6.55 Spine Chillers.
7.05 Australian Film Season: "The Irishman."
8.50 Nightcleaner.
9.00 Pot Black 82.
9.25 Inside Aldermaston.
10.15 Darts: Embassy World Professional Championship.
10.45 Newsnight.
11.30 Darts.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Mavis Nicholson. 2.45 Born and Bred. 3.45 Welcome Back, Kotter. 4.15 Dangermouse. 4.20 Emu's World. 4.45 CB TV: Ace Reports. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.20 Help!
6.55 Reporting London.
7.30 The Jim Davidson Show *with special guest* Pat Coombs and Chas & Dave and Midas Touch.
8.00 Don't Rock the Boat starring Nigel Davenport, Sheila White, John Price and David Janson.
8.30 Top of the World presented by Eamonn Andrews.
9.00 Muck and Brass.
10.00 News.
10.30 Victoria Park: an evocation of every Englishman's nostalgic memory of long, hot summers in an almost forgotten past.
11.30 The Lada Snooker Classic.
12.15 am Close: 'Sit up & Listen' with Ginette Spanier.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does the Team Think? 6.00 About Anglia. 6.35 Crossroads. 7.00 Bygones. 12.25 am A Bit of a *Pantomime.*

BORDER
1.20 pm Border News. 3.45 Snooker. 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 6.35 Crossroads. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CENTRAL
12.30 pm Gardening Time. 1.20 Central News. 3.45 Does the Team Think? 5.15 Mork and Mindy. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.30 Central News. 11.35 1982 Butlins Grand Masters Darts Championship.

CHANNEL
12.30 pm Mr and Mrs. 1.20 Channel Lunchtime News. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.30 am First Thing. 12.30 pm *Gardening Time.* 1.20 *North News.* 3.45 Lada Snooker Classic. 6.00 North Tonight. 6.35 Crossroads. 7.00 The Two of Us. 12.25 am North Headlines.

GRANADA
1.20 pm Granada Reports. 3.45 Lada Snooker Classic. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your *Right.* 6.30 Crossroads. 7.00 Emmerdale Farm.

HTV
12.30 pm Gardening Time. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 Y Llyfau Llon. 4.15-4.45 Cornigam. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Pethau Pnn. 11.15-11.30 Hanley.

SCOTTISH
12.30 pm Gardening Time. 1.20 *News and road and weather.* 1.30 The Electric Theatre Show. 3.45 Lada Snooker. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 12.25 am Late Call.

TSW
12.30 *pm* Mr and Mrs. 1.20 TSW News Headlines. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 12.25 am Postscript.

TVS
1.20 pm TVS News. 3.45 Does the Team Think? 5.15 Watch This Space ... Lemon of the Week. 5.30 Coast To Coast. 6.30 Coast to Coast (cont.). 6.35 Crossroads. 7.00 Emmerdale Farm. 12.25 am Company.

TYNE TEES
9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 The Two Of Us. 12.00 The Sayings of Jesus.

ULSTER
1.20 pm Lunchtime. 3.45 Snooker. 4.13 *Ulster News.* 5.15 Watch This Space. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.29 Ulster weather. 11.30 Bedtime.

YORKSHIRE
12.30 pm Does the Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm.

RADIO

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Hubert Gregg says I Call It Style (S). *9.00 Listen to the Band (S). 9.30 The* Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story with Max Bygraves 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am *Weather.* 7.00 News 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Scriabin (S). 10.00 Beethoven Chamber music recital (S). 10.25 Songs From Four Countries (S). 11.20 Midday Concert (S). 1.00 pm News. 1.05 Six Continents. 1.25 Two Clarinets (S). 2.05 BBC Singers at the Petworth Festival (S). 2.55 Schubert string quartet *recital (S) 3.40 Busoni and Beyond* (S) 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Michael Goldthorpe song recital (S). 7.45 Royal Liverpool Philharmonic Orchestra from the Philharmonic Hall, Liverpool, part 1: Walton, Sibelius (S). 8.25 The Pantomime (short story by Olivia Manning). 8.45 Concert, part 2: Beethoven (S). 9.40 Majorana: Disappearance of a Physicist (S). 11.00 News. 11.05-11.15 Thomas Attwood (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.45 The Widower by Georges *Simenon.* 9.00 *News.* 9.05 *Tuesday* Call (Jock Davidson, an expert on household plants answers questions). 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You And Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Tom Jones by Henry Fielding. 4.00 Places of Pilgrimage. 4.15 The Bogart File. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News including Financial Report. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Black Snob (S). 8.35 Antony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Nashville (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Ravel: Le tombeau de Couperin (S). 12.00 News.

THE ARTS

Royal Academy

Great Japan, Part 2 by DAVID PIPER

The Great Japan Exhibition at the Royal Academy was the great exhibition success of 1981. Some might claim priority for Picasso's Picassos at the Hayward, but for me a greater nourishment and delight came from the revelations of Japanese Art. The Picassos, extraordinary in their brilliant variety though they were, were also essentially more Picasso. The shock of the unknown, that another less successful show at the R.A. failed to provide, was provided by Japan.

Except for a very few specialists, we in the West have never seen some of the kinds of art represented here at their finest—above all the textiles, and amongst the paintings, the great screens and sliding doors. Even the Japanese have never been able to see the masterpieces in these arts in such concentration, enabling the spectator to wander through a whole period comparing and assessing quality, studying the evolution of the serious styles.

In the brief week of the Christmas closure, the exhibition has been renewed precisely in these two most spectacular of its facets—the textiles and the paintings. In Japan, major works of art are categorised with rigour, irrespective of their ownership. The behaviour of objects scheduled as National Treasures, Important Cultural Properties or Important Art Objects is subject to rules: not only as regards sale abroad, for example, but as to exhibition—not more than 50 days in a year, for conservation's sake.

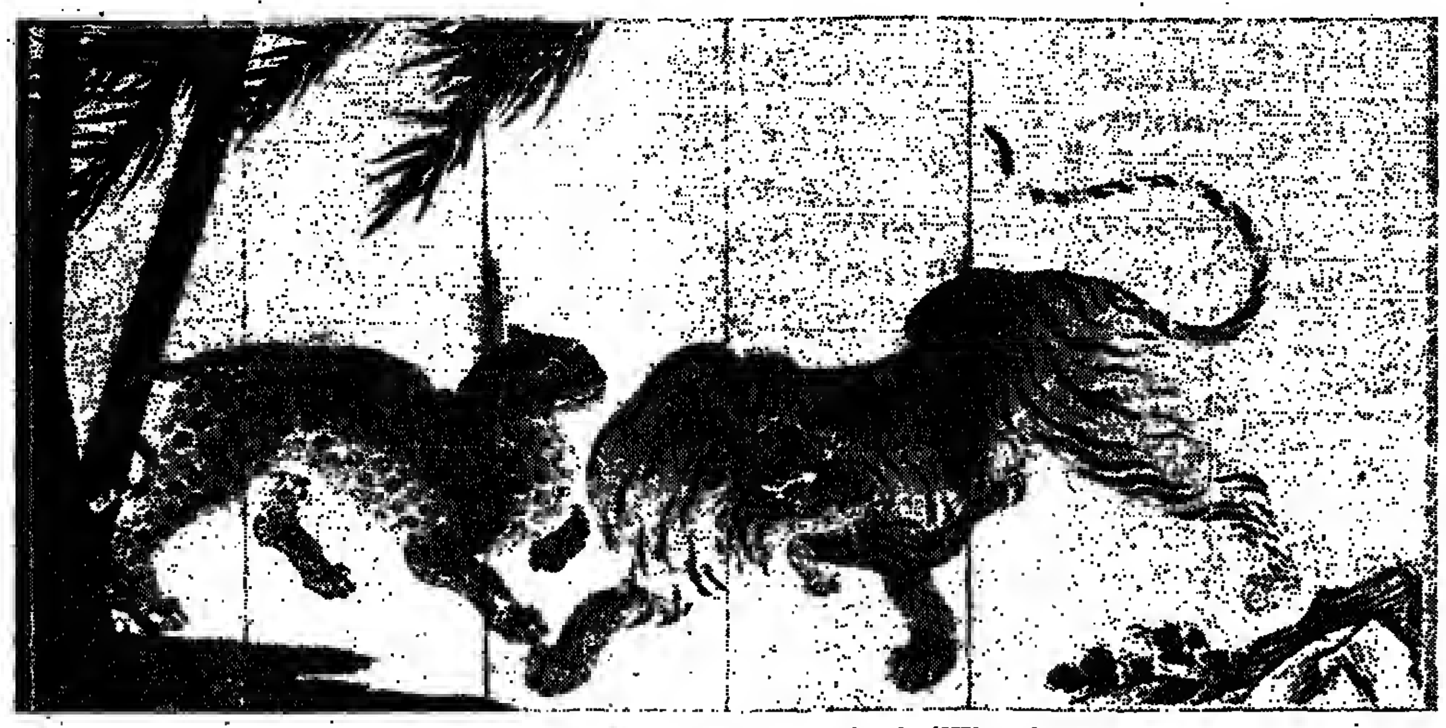
The Japanese, besides paying the considerable costs of assembly and packaging within Japan, have relaxed slightly this rule, but nevertheless a switch was necessary half way through. The change over has been accomplished with superb taste, and to a very large extent, like has been replaced by like. For those who saw Part I, one of the major astonishments of the first view may not be quite repeated. It was that of scale. Compared with western scales—the great fresco cycles, the Sistine Chapel, to take an extreme example—this may not be so extraordinary, but Japanese arts tend to be thought of as miniature—whether netsuke, inro, or best known of all, the woodblock prints. The screens are not all that big in vulgar metres, but in grandeur they are stunning. In them, that ability to extract essentials from the lavish superfluities of nature so marked in smaller Japanese brush paintings, is demonstrated at what is sometimes a monumental pitch. Rarely in the history of art has so much been left out to more fulfilled effect.

In one Gallery (No 9) in Part I there was shown simply the huge 'Tiger' by Nagasawa Rosetsu — its huge length lolloped across six doors (leaving the final door blank but for the presence of the ends of two whiskers): it is still happily in Part II—and a pair of six-fold screens by Maruyama Okyo of two pines in snow. The latter were, in their impact, their audacity, astounding: one would not have thought them replaceable. Nor are they, and yet they are. In their place, screens by the same artist, this time a loose, open, knotting of wisteria boughs bearing a clotted drip of foliage and blossom, all over the glow of the gold ground.

This gold is laid, as priming, over the screens, its rectangular leaves establishing a muted geometric grid over which (and over the vertical edges and the angles of the partitions of the screen), the marvellous lyric irregularity of bough and blossom wanders.

This contrast, of free play over an austere grid, is typical of so much of the most pleasurable of Japanese screen painting. A superb newcomer in Part II, Watanabe Shiko's "Cherry Trees on Mount Yoshino," has again the softly luminous grid of the gold leaves, and over them, like the silhouettes of great whales, the naked humps of the hills rising from a foam of cherry blossom.

Similar contrasts, as of some mutant of Euclidean geometry against the wilful surge of organic if still stylised life, occurs in the gorgeous textiles, claimed to be garments. The shapes of *nuihaku*, of *kosode*, though made to clothe the human figure, reject, when stretched in uninhabited display, the idea of anything so soft, so undulant as human flesh invading their perfection. Ultimately, this is what the Western eye may find lacking in Japanese art, that acceptance in so much of post-Renaissance Western Art, of the nude human figure as the module.



Dragon of the storm, tiger with bamboo, Kano Sanraku (1559-1635)

As you leave this exhibition, the glowing nymphs in the Sebastiano Ricci paintings on the staircase outside, may strike in contrast as somewhat decadent, but then, perhaps reassuringly, as nevertheless somewhat comfortable. Yet the London City gent may also carry in his memory, a little wistfully, from this exhibition, the ravishingly restrained yet crisply vital dark and paler blues patterned with faint white, of coats claimed by the catalogue to be for fishermen and firemen. City gents may well envy, for they are the acme of sober aristocratic taste, as if the pin-stripe restored from emasculation.

A few eyebrows were raised by the title when the exhibition first opened Great Japan, although it covers only the Edo period (1600-1868), when Japan sealed itself off from the outside world. But any such pedantic quibbles must by now be dispelled. Certainly, the artistic greats of earlier Japan (in sculpture perhaps especially) are not there, but the assault on the senses leaves no sense of omission. This is quite enough to go on with. And, as exhibition, as marriage between the objects exhibited and the decor in which they are displayed, it is as near perfect in balance as any since the war.

The Japanese Designer Kisho Kurokawa had as collaborator Alan Irvine, and to the latter was due also the very different, dramatic, but comparably successful staging in 1980 of the Horses of San Marco at the Academy. Not the least remarkable aspect of the exquisite yet practical tact of the installation is that, while 4,500 visitors have been flooding through since late October, it bears almost no signs of wear, but remains immaculate.

Nor is the pressure of people in fact oppressive; the articulation of display seems to absorb it—only about the very small items, the *netsuke*, is it difficult to see (and yet those almost all come from the British Museum—though how many of the visitors to the RA have been able to see them in the BM, one may well wonder).

The exhibition continues until February 21. A note on costs may be of interest. Overall, they are of the order of £2m. The Academy has to cover £1½m of this from entrance charges. These (taking a deep breath) they settled at £3, though there are various reduced or exempt categories of visitors. At the time, this must have seemed a very daring gamble; but it looks like succeeding and if it does, any profit accrues to the ever-beleaguered coffers of the Academy.

The exercise would not have been possible without the sponsorship of the Midland Bank International and its associates. The general public perhaps does not realise how such sponsorship works. Rarely in this sort of project, does it consist of the sponsor putting down so many thousands on the table: rather, he guarantees against a certain level of loss. He underwrites a risk, but when there is no loss—what elegant profit!

From Great Japan, there should accrue a prestige advertisement of the greatest glamour for the sponsors at no cost whatsoever. Potential sponsors in the arts, please note, but do also remember the credit that may be laid up for you in heaven by a straightforward surrender of cash, by unconditional sponsorship of those activities for which the Academy like other institutions can never find sponsorship: the mundane day-to-day running costs, the keeping of body and soul together. Remember heaven?

Purcell Room

Young Artists by DOMINIC GILL

After an uneventful start last week, the Park Lane Group's annual series of concerts devoted to Young Artists and 20th-century music improved as the days went by. Thursday gave us the fine accordionist Mario Conway; and the final evening on Friday presented the contralto Catherine Wyn-Rogers, another young artist whose presence entirely justified the slippery trip through the snow.

Miss Wyn-Rogers began a little stiffly, with accounts of the first two of her group of five Bartok songs op. 15 that were more stolid than solid (even *sharpened* as they were by unusually clear and accurate Hungarian pronunciation). But she soon opened up: the rest of her Bartok group, and Berg's Four Songs op. 2, revealed a warm, rich voice of splendidly dark and alluring colour, exceptionally even throughout the range, and very well tuned. As the evening progressed her confidence continued to grow. She gave Schoenberg's little set of Three Songs (dating from 1933, misleadingly numbered op. 48) and Poulenc's *Le Bestiaire* with marvellous ease and authority — and the Poulenc especially with a serious charm that owed nothing to coyness.

Between whiles she also sang *Green Bushes*, an elaboration for voice and piano by Michael Finnissy based on the folk song of the same name: weird and rather attractive piece, a study in oppositions deriving from the same basic material, whose melodic line has a distinctly early-Boulez cast. Come to that, I'd like nothing better someday than to hear Miss Wyn-Rogers sing Boulez's *Morteau*.

She shared her programme with John Kenny, a trombonist. Solo trombone recitals invariably suffer from the inescapable fact that the repertory for the instrument from most past periods is non-existent, and from the present-day largely second-rate. Jacob Druckman's *Animus I* for trombone and tape has been regularly brought out of the drawer and dusted off for trombone recitals these past 15 years, and it sounds no more provocative or exciting today than it ever did. Vinko Globokar's *Discours 2* for the same combination (and from approximately the same vintage) is one among dozens of that composer's characteristic bitty, highly strong and physically exhilarating essays that are fun for five minutes and endless at 20. George Nicholson's new *Slide Show* for solo trombone proved to be a curiously limp sequence, some 14 minutes long, of little (mostly) plaintive cameos using different mutes. It had the welcome virtue, however, of being a piece for trombone which is not for once wholly aggressive and mainly loud.

Elizabeth Hall

Apollo by PAUL DRIVER

Sunday's concert by Apollo Contemporary Music — a group founded and directed by David Hellewell — was mainly a demonstration of the "performance and notation system" Hellewell himself has devised for use with EMS sound-synthesizers enabling them to function just like any other instrument in an ensemble, and removing the need for intermediary tape recording. His own *Electronic Studies*, for synthesizer and piano, receiving its premiere like four of the other five items in the all-British programme, was quite successful in creating a sharp edge of conflict between the familiar behaviour of the piano and electronic sounds which, not unusual in themselves, had an unfamiliar dynamism and spontaneity.

The musical invention as such had less interest, though not so little as Mr Hellewell's other offering, *Mythologies (Japan)* for narrator (Sean Street) synthesizer and ensemble, the first of a projected series of works dealing with the mythology of some 15 cultures as described in a glossy book by Veronica Ions. The prospect is alarming if "Japan" is typical: lengthy recitation of bald facts against vapid wisps and climaxes to no conceivable musical purpose. There is an option on slide projection and adaptation for TV: eventually the subject matter takes over—but a piece had hardly been made of it in the first place. Nigel Osborne's *Vienna-Zurich Constance*, substituted for an unfinished new work by Justin Connolly, was instructive in comparison. Equally unlikely in source-material — a poem by B. M. Thomas about the last unmeeting of Freud and Jung — it deployed narrator and five instruments with neat wit and attractive style.

The young composer Gordon Downie's *Ground State* achieved surprisingly disciplined integration between a solo synthesizer and a cimbalom-tinctured ensemble. Fresh, vigorous, agreeable ideas delicately floated, Boulez-fashion, in space and made for hypnotically pleasant listening. Inevitably the cimbalom upstaged the electronics. Edwin Roxburgh's *Elegy in memory of Janet Craxton* also drew discreetly on electronic resources, using them as enhancement for a solo oboe's multiphonic effects and bridge between oboe and the intense canonic music of a small ensemble. With the composer as soloist it was a taut threnody indeed.

David Bedford's *Vocoder Sextet* was a pop-playful exploitation of a machine, the vocoder, whereby a vocal signal can effect a modulation of instrumental sound. The narrator simply described what the very straightforward music was doing, counting the beats and so on, and gave great encouragement to anyone who likes to hum along with music.

Eric Idle's first play

Pass the Butler, a first play by Eric Idle of the *Monty Python* team, opens in a production by Jonathan Lynn at the Globe Theatre on January 26. The cast is led by William Rushton, John Fortune, Madge Ryan and Peter Jones.

Letter from Italy

Anna Bolena, Tancredi by MAX LOPPERT

In Italy, taste for the early operatic fruits of the Ottocento continues to flourish. On this page over the past year or so, William Weever has reported on, among other things, revivals of such rarities as Donizetti's *Maria de Rüdenz* (at Venice) and, recently, his *Fausta* (at Rome); for an operatic traveller across Northern Italy in December, the attractions were slightly more familiar but still (from the look of them) worth noting—a new production of *Anna Bolena* to open the Turin season, and Rossini's *Tancredi*, given at Venice in the 1981 Aix Festival co-production. Both performances, in their entirely opposite ways, illustrated a familiar moral—that without performers of interpretative spark, such exercises become matters of duty rather than pleasure.

The Regio *Anna Bolena* fell with a thud in the arena of duty. Mounted for Mania Chiara (a soprano who, I feel, has never received her full due in London), it must have suffered some degree of strain when illness forced her withdrawal after the premiere, and thereby advanced the debut of he young South American Adelaide Negri (scheduled to take over the title role only in the last performances of the run). The voice is very interesting—veiled, unevenly registered, and not beautiful at full stretch, but agile and full of colouristic potential, rather in the manner of the young Leyla Gencer in the days before the mannerisms took over.

But the assumption of a role as long as it is rich and grand was no more than a pale sketch—no one (it seems) has schooled her to draw on that potential, to do more than semaphore and, in the great final scene, to flop about the floor in white negligée and loose locks of hair. The talent deserves better promotion.

But the blame for an evening of mostly unrelieved flatness must by no means be laid at her door alone. This was Italian opera-house routine at its most depressing — lifelessly conducted by Maurizio Arena, produced by Attilio Colonello, in his own decors of garish ugliness (South Bank-style angular vistas decked out in every-colour-of-the-rainbow costumes), as if to demonstrate one by one the worst features of the singers' *convenienze*—all four principals (Boleyn, Seymour, Leicester, Henry VIII) were offered their chances to seize the front of the stage for stand-and-deliver, and there were numerous "signs" after solo or ensemble for applause little merited.

It was sad to see and hear the talents of the once-promising Maria Luisa Bordin Nave (Seymour) so much coarsened; the travesty role of Smeton, in the dashing voice and bearing of Elena Zilio, was the only reliable bright spot. For a Donizettian of sometimes excessive enthusiasm, ever ready to rank *Anna Bolena* among the composer's highest achievements, such an experience of the score given with a few cuts was a sad one — it was not long before longings for the heavily pruned version (such as Glyndebourne used) of the bad old days were faced and admitted in full.

How different *Tancredi* at the Fenice! Marilyn Horne was magisterial, inimitable, and brilliant (even, at times, enervatingly so) as the warrior hero; Lella Cuberli was charming, touching, and beautifully schooled (making the utmost of vocal means not always of the best quality) as the soprano heroine Amenaide; and there were notable contributions from the conductor Ralf Weikert, the tenor Ernesto Palacio (too mild in personality, but admirably musical in relieving the agonies of the high tessitura), and Eleonora Jankovic as the confidante Isaura (leaving echoes, in her single air, of the young Cossotto). The Fenice orchestra sounded wonderfully responsive to the felicities of invention lavished upon it by the young Rossini in full exuberance; in particular, cor englais, bassoon, and low strings all bad to be relished by the visitor for their native colour and style.

I am in two minds about the work itself. The music is wonderful, but the plot is feeble—dramatic interest seemed to have ebbed away long before we actually left our seats for the last time. As at Aix (when the production was described in these columns by Rodney Milnes), the tragic ending that Rossini wrote for Ferrara as an alternative to the Venice *lieto fine* original was used—and, drawn out by Miss Horne to considerable lengths, it felt something of a trial even while one recognised the striking innovations described in the programme by the Rossini scholar Philip Gossett. But it was a happy evening all the same.

The production (by Jean-Claude Auxray) and designs (by Mauro Pagano) may include some passing fashionable follies, but for their salute to the picturesque, nature-romantic side of Rossini's imagination much could be forgiven. And to be in the most beautiful opera house in the world, listening to Rossini delivered with both seriousness and virtuosity, is no hardship.

Royal gala for 'The Little Foxes'

A Royal gala performance of Lillian Hellman's *The Little Foxes*, in which Elizabeth Taylor is making her London stage debut, is to be given at the Victoria Palace on March 9. The occasion is in aid of the England team for the Commonwealth Games appeal and tickets priced £50, £25 and £15 are obtainable from Trusthouse Forte, 86 Park Lane, London W1A 3AA (cheques payable to Commonwealth Games Council for England).

CONTINUED ON PAGE 10

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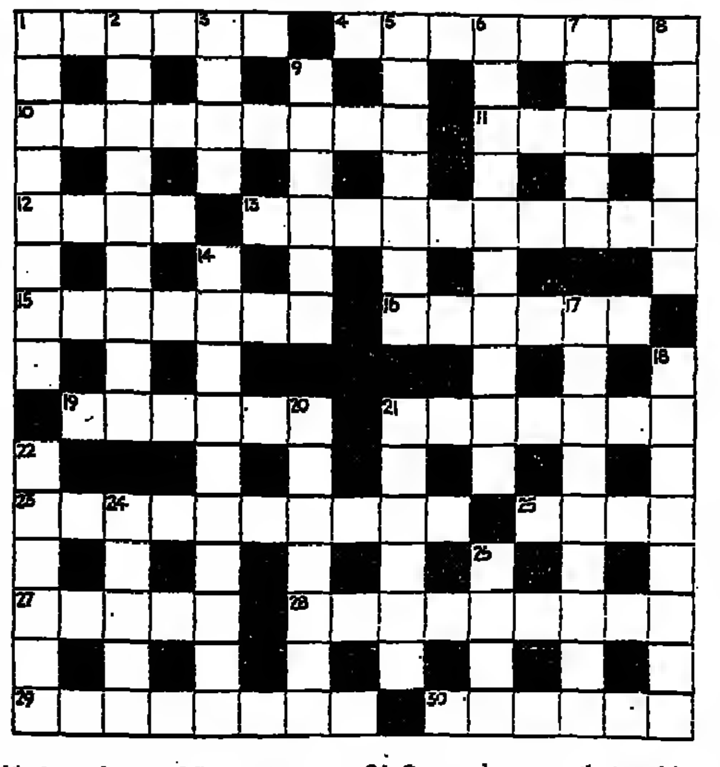
F.T. CROSSWORD PUZZLE No. 4,769



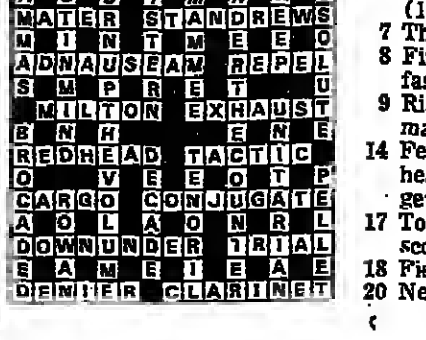
ACROSS

1 Motion to brook no comeback (6)
4 Standard drug found in basis of soup (5-3)
10 Self-restrained, having rage consumed (9)
11 Row I pry around (5)
12 Cross a pole (4)
13 Severely criticise chief producing a large fish (10)
15 Bribed soldiers in squad (7)
16 Cutting implement — occasionally moon-shaped (6)
19 Debate about a male offspring (6)
21 Timber to chop for engraving (7)
23 Short paragraph before a dissertation in apposition (10)
25 A lot of fish put right inside tin (4)
27 Artefact from barrel I cracked (5)
28 Engineers in aircraft and boat (9)
29 Be nauseated with fish in plant (8)
30 The time I'd fray around the edges? (6)

DOWN

1 Support nevertheless with a lock (8)
2 Self-possession needed to put cement on stable (9)
3 Free to begin and speak out (4)
5 A container for mother's mixture (7)
6 Get less gold from a builder (10)
7 The cost of soft grain (5)
8 Finish in attempt to be fashionable (6)
9 Risk an accident, one of many on a golf-course (6)
14 Female supporters with heaps of business details to get down to? (5, 5)
17 Tore ornamental fabric end scolded (9)
18 Fish straying wildly (5-3)
20 Necessary requisite (7)
21 Attendant and I must appear in tears (6)
22 Essence that is still made (6)
24 One who, or that which, should produce a line (5)
26 A fish in jelly (4)

Solution to Puzzle No. 4,768



FINANCIAL TIMES

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Tuesday January 12 1982

Nato unites on Poland

THE 16-point declaration issued after yesterday's meeting of Nato foreign ministers cannot be counted on to have any immediate or decisive impact on the unfolding of the Polish crisis. But it does represent a firm restatement of Western values in the face of the repression in Poland. It maintains a statesmanlike balance between pressure on the regime in Warsaw, and warnings of further sanctions either against Poland or against the Soviet Union if the situation does not improve.

On the positive side, the ministers have said they would maintain or increase food and other humanitarian aid, providing there were clear guarantees that it would reach the Polish people, and not be used simply as a device for political manipulation by Gen Jaruzelski and the Military Council.

In the harsh winter weather now affecting much of Europe, help of this kind is an absolutely essential ingredient in the policy of any Western government which wishes to express its support for the most basic human rights of the Polish people. At the most fundamental level, food, clothing and medicines are a more pressing need than the restoration of civil liberties.

Negotiations

On the negative side, the decision to shelve the granting of any new trade credits (other than for food) and to postpone any negotiations on the rescheduling of those Polish debts to western governments which fall due this year, should bring cumulative pressure to bear on the Polish authorities. The lack of new western credits in particular should exert a progressive squeeze on the Polish economy, though it may also intensify Poland's dependence on the Soviet Union for the provision of hard-currency credits.

The postponement of the rescheduling negotiations will be slower to have an effect—the rescheduling of the 1981 government-to-government debts was not completed until the spring of last year—but Poland and the Soviet Union must both be aware that any deterioration in the current situation just could provoke western governments into calling in their Polish loans. Such a move might be materially self-defeating, since Poland could not pay up, but it would have an even more calamitous effect on the credit-worthiness of all Comecon countries.

In relation to the Soviet Union, the western position remains much less clear-cut. While they achieved a much greater degree of unanimity in recognising and condemning Soviet responsibility in the Polish crackdown than seemed likely only a short while ago, they did not agree on the immediate imposition of new sanctions against Moscow.

Disagreement

One reason may well be that there is still disagreement on the extent of Soviet responsibility; another that the options previously worked out in Nato were designed as a response to an eventual Soviet military intervention. All the Nato governments now need to study more finely graduated forms of economic pressure which might be activated if the Polish situation does not improve.

One of the problems with trade sanctions is that they are hard to maintain over long periods and the maximum impact is achieved immediately by restricting goods which are needed urgently. This is usually taken to imply that the main burden of imposing effective sanctions lies on the U.S., with a preponderance of cereals in its exports to the USSR. The communique implies, however, that this burden would have to be more evenly shared, with curbs on U.S. cereals exports being balanced by curbs on European imports of Soviet energy.

Restrictions

The U.S. curb on high technology equipment might well have a major impact on the planned gas pipeline, and thus on Soviet hard currency earnings, but only if it were to be maintained indefinitely and if western European governments were indefinitely to refrain from undercutting these U.S. restrictions.

The decisions and the warnings of Nato are unlikely to produce any instantaneous results. But at least the west has achieved a substantial measure of a common approach, and should be in a better position to respond to the situation in Poland as it evolves.

A new approach to anti-trust

TWO IMPORTANT decisions taken by the Justice Department in Washington last Friday epitomise the changed attitude towards monopoly power of the U.S. Administration. After 12 years, the Department's anti-trust suit against International Business Machines has been abandoned. American Telephone and Telegraph is to be shorn of its monopoly position as a supplier of telephone services and will thereby be unleashed as a full competitor in the fused businesses of data processing and communications.

The message behind both these decisions is that the Reagan Administration welcomes the prospect of big and powerful businesses challenging one another and their overseas competitors, particularly if they have grown powerful through their own merits, and provided that no restraint of trade is used in the preservation of their power.

Competition

This marks a clear departure from the fashionable trend of anti-trust thinking which developed during the 1970s—that "bigness" in any company was culpable in itself, whether that size dominated a single market, controlled the production and sale of a single product from raw materials through to shop counter, or took the form of a conglomerate.

The keystone of U.S. anti-trust law, the Sherman Act, is designed to ensure that competition is allowed to exert itself as the basic force controlling decision taking in American business. The changing interpretation of the Sherman Act involved a changing perception of why competition should be allowed to exert such control. The "big is bad" school concentrated less on the classic economic case for competition—that it leads to the best allocation of scarce resources—and focussed more on political and social arguments.

Washington grew concerned that a growing proportion of America's industrial assets were controlled by a dwindling number of large companies. It contended that big companies were unresponsive to the needs of the community and of the individual and even that concentration of economic power posed a danger to democracy. This line of thought provided the moral staying power for the IBM case.

Allowances

Under Reagan, the U.S. Government has re-emphasised the purely economic justification for competition and believes that big companies can be just as much creators of competition as threats to it. The Justice Department is now inclined to make allowances for rapid growth, rapid technological change and intense foreign competition before accusing any big company of market domination. It is inclined to believe that the majority of conglomerate mergers do good by shaking up passive managements. On the other hand it has also demonstrated—by pruning AT and T and by preventing Mobil's bid for Marathon Oil—that it still maintains that market domination at the level of the consumer needs to be restrained.

This harder-nosed approach to monopoly law is a logical accompaniment to the capitalist system's quest for the growth that has gone; many of the U.S. anti-trust suits of the 1970s presupposed a too-comfortable view of economic progress. It is probably true that the scale of modern research and development demands resources available only to a company which seems uncomfortably large. It is certainly true that in an inter-dependent world competitive companies will appear large in relation to the countries that spawned them.

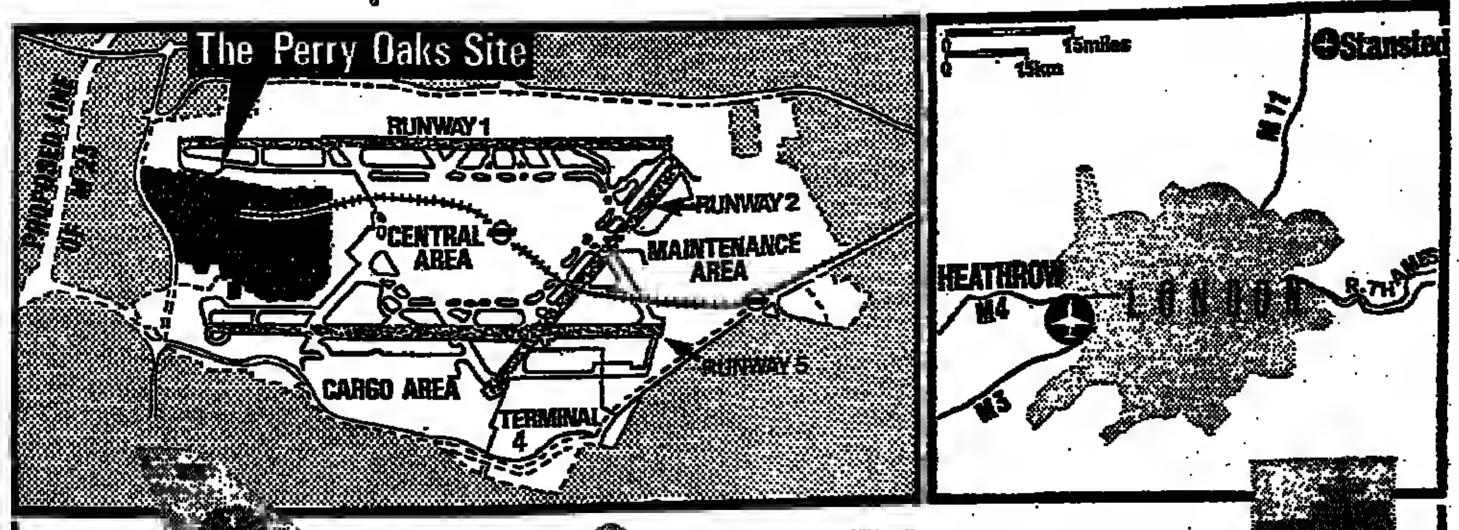
Vigilance

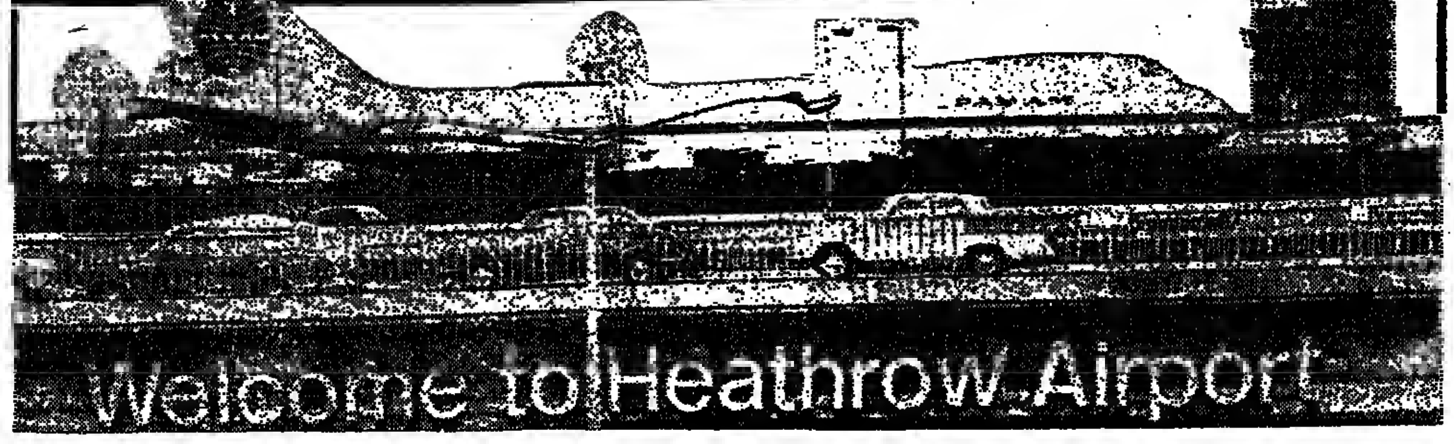
The important corollary is that competition in a modern Western country is preserved, not by recreating fragmented markets, but only by ceaseless vigilance of powerful companies by the anti-trust authorities. It is largely because of such vigilance that small computer companies can innovate under IBM's price umbrella, or develop alternative products using the photographic standards set, de facto, by Kodak. Success in business should be allowed to lead to "bigness," but the policing against price-fixing, predatory pricing, and denial of market access must go on as vigorously as ever.

LONDON'S THIRD AIRPORT

The battle of Heathrow

By Michael Donne, Aerospace Correspondent





AS THE public inquiry into the proposed development of Stansted as London's third major airport plods on, it is becoming clearer that the biggest battle to be fought will be whether Stansted should be rejected in favour of building another big passenger terminal at Heathrow—Terminal Five (or T-5).

This issue has already sharply divided much of the UK civil aviation industry. The British Airports Authority wants Stansted to meet expected traffic growth well into the next century. British Airways, which accounts for close to 50 per cent of all Heathrow traffic, wants T-5, and is strongly opposed to Stansted.

Lining up behind them are many other lobbies. The environmental groups round Heathrow feel T-5 must be fought at all costs. Comparable groups round Stansted believe that its expansion must be stopped at all costs. The Uttlesford District Council, in which Stansted lies, wants T-5. Many airlines which use Heathrow are also backing British Airways.

Those airlines believe that shifting all or some of their activities to Stansted will add millions of pounds a year to their costs. Provincial airports, and the airlines serving them, feel the money for either Stansted or T-5 would be better spent on boosting air travel to and from the regions.

A subsidiary planning application by the Town and Country Planning Association for the resurrection of an airport on reclaimed land at Maplin off the Essex coast seems likely to be swamped by this larger battle, as does another plan, for an airport on Severnside. The latter might be suitable for a new airport to serve the West Country, South Wales and a large part of the South Midlands, but it does not seem to be attracting much enthusiasm as a third airport for London.

Thrusting into the western end of Heathrow

The site British Airways wants for T-5 is Perry Oaks, a 264-acre area not much smaller than the present Heathrow Central area itself, thrusting into the western end of Heathrow between the existing runways.

It is used at present by the Thames Water Authority as a sewage (sludge) disposal works, serving much of the population of West Middlesex. To take it over for T-5 would mean building a new sludge works before the TWA quit Perry Oaks and any work on T-5 could start. This means T-5 could not become operational before 1989-90 at the earliest, and perhaps even much later.

By comparison, the British Airports Authority claims that given permission to go ahead, it could have the Stansted expansion operational by 1988, with a new terminal capable of handling up to 15m passengers a year.

Nobody disputes that Perry Oaks is a good site for a terminal—had the sewage works not been there, a passenger terminal would probably have been built on the site long before now. It would have good road access now that the M-25 is being built along the western edge of Heathrow, and the underground rail link into the Central Area could be extended to the new terminal.

British Airways argues that the additional 15m passengers a year T-5 would handle, would raise Heathrow's capacity to about 53m a year (the present terminals handle 30m and the new T-4 now being built is expected to handle 8m). These passengers, says the airline, could all be handled within the Government's ceiling of 275,000 aircraft movements a year at Heathrow by making more use of bigger aircraft.

As to the type of terminal involved, British Airways likes the Atlanta (U.S.) configuration, a central terminal building linked to a series of concourses at which the aircraft stand. But wherever the third airport goes—Stansted or T-5—there is virtually a clean sheet of paper on which to draw any kind of terminal. The only criterion is that it should be the finest in the world, embodying everything to make the throughput of passengers fast, smooth, comfortable and cost-effective—a combination rarely found in any airport terminal at present.

The argument over need stems from differing views about the rate of growth of air travel into and out of the London area over the next 10 to 15 years. The British Airports Authority believes that by 1995, it will have reached about 87.2m passengers a year, while British Airways suggests a lower figure, 73.4m.

The airline further claims that by developing Heathrow to about 53m developing Gatwick from the present 16m to 25m (by the addition of a second terminal, for which approval is awaited) and by allowing Stansted to go to 4m and Luton to 3m, there will be total London area capacity in the mid-1990s of about 85m passengers a year.

This would be enough to meet British Airways forecast. Even if the second Gatwick terminal were denied, cutting out 9m of capacity, there would still be enough capacity (at 76m) to meet the airline's projection.

The Airports Authority disagrees. It argues that to develop T-5 instead of Stansted would be to clamp airport development in the London area into a strait-jacket. Eventually, in the late 1990s or into the next century, the whole London airports problem would have to be reopened when saturation of T-5 was reached. By developing Stansted now to 15m passengers a year, and making prudent provision for further development, perhaps to 50m a year, with a second runway, as demand requires, that problem would be avoided.

As to costs, British Airways claims it would be much cheaper to build T-5 than Stansted. The accompanying table sets out the airline's claims, based on 1979 prices, which must be substantially adjusted upwards to allow for inflation.

British Airways also claims that if it were obliged to go to Stansted its additional operating costs would amount to between £130m and £170m a year. It bases this view on its experience at Gatwick.

The airline was required to transfer some of its Spanish and Portuguese flights to Gatwick while the foreign airlines managed to stay at Heathrow. As a result, British Airways lost 20 per cent of its business to Iberia and Air Portugal and is now trying to switch back to Heathrow. The other airlines fear that much the same could happen to them at Stansted.

The Airports Authority counters that Gatwick is now building up rapidly, with traffic up 10.2 per cent in the past year to more than 10.6m, and that more and more foreign airlines are moving there—hence the need to expand even Gatwick with a second main terminal.

However, there are marked differences of view between British Airways and the Thames Water Authority over the timing of any relocation of the Perry Oaks sludge works—even if Thames Water wanted to move, which it does not.

British Airways argues that if a decision to drop Stansted and go for T-5 were to be given in 1983, Thames Water could start immediately clearing at least the southern part of Perry Oaks, so as to vacate it by 1986 or even earlier (with a new site for the sludge works found and agreed by 1985). Work could begin on the terminal in 1986 with an operational target of 1989-90.

Thames Water disagrees. In its statement to the Stansted inquiry it says that to safeguard its own position and that of its customers, it could not and would not start to clear even the southern part of Perry Oaks until a new site had been found, with full planning consent obtained, together with all the financial guarantees it would need to cover the costs involved.

This "decision to proceed," says Thames Water, could not be before 1986. Allowing one to three years for southern site clearance, this means that work on T-5 could not start until some time between 1987 and 1989, so it could not become operational until 1990-92. The rest of the Perry Oaks site would take several more years to clear, so that the whole site could not become available for aviation until well into the 1990s.

Thames Water's view is that this is the "minimum timescale," and that any delay in achieving planning consent (and the financial guarantees) for a new sludge works elsewhere "could extend the timescale considerably."

Most people outside aviation believe it would be better to leave the sludge works where it is: no one is likely to want it dumped on his doorstep. Thames Water has no alternative site in mind—it is not even looking for one, and does not intend to, believing this is the job of those who want to take away Perry Oaks for other purposes.

British Airways has now revealed that two possible alternative sites for the Perry Oaks sewage works could be near Dorney and Eton Wick, close to Slough, or at South Iver, between Colnbrook and the M-4 motorway. Already, strong objections to those sites are emerging, and the public outcry against moving the Perry Oaks sewage works is bound to escalate, leading to an inevitable public inquiry if the Stansted inquiry itself results in a decision favouring T-5.

Under such circumstances, British Airways' timescale for T-5 would seem to be optimistic, to say the least. Against this, the Airports Authority says it could get Stansted operational by 1988 once approval for it were given by the Government (probably late in 1983).

Thames Water has also made it plain that it would require others—the airline or the Airports Authority—to pay for the cost of finding a new site for the sewage works, getting approval for it, and building it, together with any additional operating costs that might arise. This cost is put at £60m at 1981 prices, and probably £100m by the time it came to be built in the mid-to-late-1980s. The Airports Authority would probably have to suffer that bill, on top of the cost of T-5 at about £250m.

Moreover, Thames Water has said that if the valuation of Perry Oaks turns out to be higher than originally thought, any such difference would accrue to Thames Water, not the Airports Authority or anyone else. This means that the Airports Authority could find itself saddled with an even higher burden of expenditure, putting a different complexion onto the comparative estimates for T-5 and Stansted. Not surprisingly, the Airports Authority is totally hostile to the whole idea of T-5.

British Airways says that, as the biggest single user of Heathrow anyway, it will be paying in the long run for T-5 through the landing fees and other charges imposed upon it by the Airports Authority.

Whichever way the Inspector at the Stansted inquiry settles the issue—and the detailed arguments are likely to come forward some time in the next few weeks—someone, somewhere, is going to be bitterly unhappy about it.

Someone, somewhere is going to be bitterly unhappy

The entire London airports problem has been left so long with no coherent decision-taking that it has now become virtually impossible to solve it at all without draconian measures. Maplin was an attempt to do that, but was cancelled for political reasons in 1974.

Some observers see a similar danger overhanging the Stansted inquiry, especially since a decision by the Government will be needed around the time of a run-up to the General Election in late 1983 or early 1984. Airports are politically unpopular, but this time, something will really have to be done—and adhered to.

Men & Matters

Stern words

Joel Stern of Chase Financial Policy is back in town, still sporting his famous "earnings-per-share don't count" tiepin, and bringing a simple challenge for top corporate executives: "You give me an hour of your time, four times a year, and I'll keep you up to date with the most important, path-breaking research work."

It isn't actually quite that simple, of course, since Stern is also asking punters to give him $1,000, four times a year, as well. In exchange comes the Chase Financial Quarterly, a new publication designed to lay the best academic research on financial topics conveniently before the businessman.

The publication will certainly rank among the world's most exclusive publications, with a planed circulation of just 40 copies in its home country—putting it just ahead of the Politburo minutes. So it will be a cavalier CEO who leaves his CFQ lying around among the National Geographics.

Lucky Europa is now being given a chance to supply 40 subscribers of its own—all of whom will be invited to meet the writers of the six most timely CFQ articles at an annual conference.

The cover price may be steep, but Stern is confident that he can supply the quality goods. Contributors, he says, have to be skilful communicators as well as proponents of "outstanding scholarship"—one Nobel laureate is said to have had a contribution rejected on the grounds that he wrote gibberish. And by way of encouragement? "We pay them three times what the Wall Street Journal offers."

"With an English sounding Welshman standing for a Scottish seat they're trying to be all things to all men!"

Green paper

Legal eagle Eric Levin is abandoning the ponderous prose of his profession for what sounds like an altogether racier type of language. He is putting the finishing touches to his first novel, "The Venus Fly Trap," due to be published by Hutchinson in the Spring.

So far from being a work of botanical scolarship, Levine's book takes as its theme the power of the Press. The title was plucked out of a book of exotic plants one leisurely afternoon: "I like it because it sounds erotic," says Levine, "yet it accurately describes what happens to the victims of the Press."

He will be looking through his fictional medium at the "people who try to control (the Press), the corrupting effect of power on the people writing for it, and also on those who are beholden to both proprietors and writers—politicians in particular."

Levine is probably best known as the solicitor who acted for Sir James Goldsmith in his litigation against the magazine Private Eye. He retired at 45 from the Lincoln's Inn Fields firm which bears his name last November, though he remains a consultant there.

The future? Levine expects to spend a fair amount of time on business deals in the United States—and there may even be a second novel on the way before too very long.

Positive vetting

Bill Hughes has spent most of six years as chief executive of Grampian Holdings, the Glasgow-based transport to winter woollies and sports equipment group, in reducing its multifarious activities.

His first investment venture now takes the group into yet another new field—though one all too familiar to Hughes himself. The veterinary medicine business which Grampian is buying from brewers Guinness for £1m cash was largely put together and developed by Hughes a decade ago.

Hughes began a career as a lecturer in pharmacy at Heriot Watt University in Edinburgh before going into business as partner in a firm of retail chemists in Falkirk in the late 1960s.

The firm got involved in animal medicines—and turned to Guinness for help in its expansion. A joint company was formed but within a couple of years, Hughes was fully immersed in the Guinness veterinary operations, becoming chairman of two of the companies he is now buying—HMC manufacturing chemists and trading company C-Vet—before joining Grampian in 1976.

Hughes, who was revisiting old C-Vet colleagues in Bury St Edmunds yesterday, tells me: "When I left Guinness, I told them that if ever they thought of selling the companies, Grampian would be interested."

The deal will be good for them both, he says. Hughes has been pulling Grampian out of activities where performance is too closely tied to the ups-and-downs of the economic cycle. "Animal medicines isn't like that—and I think it has great export potential for us to develop," he says.

Tyring work

Dunlop brought its present managing director, Alan Lord, in from the Treasury—and it evidently likes the quality of HM Government merchandise. For its new corporate planning general manager is Rosalind Gilmore, to be privatised on May 1 after 18 months as head of the Treasury information division and Press secretary to the Chancellor of the Exchequer.

Gilmore worked for Lord between 1975 and 1977, and later grew to know a number of people at Dunlop through that connection. Came an attractive offer, and, she explained yesterday, she began to think that "maybe one isn't going to be a civil servant for the rest of one's life."

"Absolutely none whatsoever," she replied when I asked whether her move reflected any unhappiness with the Treasury, "it was the positive attractions of the other job." Those will include a pay rise but "not a vast amount."

Gilmore was particularly closely involved with drafting the 1979 Banking Act, before which her career had included spells as private secretary to Lord Lever and an appointment with the World Bank. Almost as pertinently for her new job, she is a noted squash player, as vast a consumer of rubber balls and athletic shoes as Dunlop is a producer.

Firm bond

Discount house Smith St Aubyn may have got itself into a spot of trouble by hanging on to its gilt-edged holdings as they plunged by 12 points — but at least it was true to its company motto, *Tennax in Fide*, which I render roughly as "bold on in good faith."

Observer

MONOPOLIES COMMISSION REPORT

Royal Bank poser for Cabinet

By William Hall, Banking Correspondent

THIS THURSDAY may well be a critical day in the fight for the Royal Bank of Scotland group. The Royal Bank's board faces angry shareholders at its annual general meeting in Edinburgh, and it is also expected to be the day of the Cabinet decision on the Monopolies and Mergers Commission's (MMC) findings on the rival bids for Scotland's biggest bank.

Both meetings, in their own way, will be of crucial importance for the future of Scotland's premier bank and its beleaguered board.

The fact that the Cabinet is now going to have to take the final decision on whether the two bids by Hong Kong and Shanghai and the Standard Chartered Bank should be blocked underlines the political sensitivity of the issues raised by the biggest UK banking takeover for over a decade.

The MMC's report has been with Mr John Biffen, the Trade Secretary, for nearly three weeks, and is one of the most explosive documents to cross his desk since he took office. The Treasury, the Bank of England, the Foreign Office and the Scottish Office are all mulling over the recommendations which bring sharply into focus the deep divisions existing within the Government over the issues raised by the rival bids.

Meanwhile, any decision to block the takeover of the Royal Bank raises questions about the bank's future and that of its board which had committed itself to merging with a partner with a strong overseas presence. Indeed, a decision not to allow a takeover of the Royal Bank could create more problems than it was supposed to solve.

With assets of £7.8bn and pre-tax profits of £107.9m, the Royal Bank Group, which takes in Scotland's largest bank and Williams & Glyn's (England's fifth largest clearing bank), is a plum ripe for the picking.

Several would-be suitors, in addition to Standard Chartered and Hongkong & Shanghai, are believed to be waiting in the wings ready to pounce if the authorities give the green light for a foreign takeover of UK banks. The Royal Bank has a net worth of £563m and would-be bidders could have to pay as much as £700m for what is one of the most profitable banking groups in the world.

Mr George Younger, Secretary of State for Scotland, thought to be one of the key figures voicing fears about the effects of the bids on the future of Scottish financial community. His Labour opposite number shares his apprehension. But Mr David Steel, the Liberal leader and a Scotsman, says a Hongkong & Shanghai victory would be "wholly in line with the best Scottish mercantile international tradition."

Mr Humphrey Atkins, the Lord Privy Seal. His views underline the deep divisions within the Government. Last November he told Parliament, "it is a misapprehension, held by some people, regrettably, that the Hongkong & Shanghai Bank is a foreign bank. It is not a foreign bank. It is a bank that is incorporated in a British dependent territory and is subject to the rules of that territory and to the supervision of the Government."

Mr Gordon Richardson, Governor of the Bank of England. He originally blessed the marriage between the Royal Bank and Standard Chartered and tried hard to dissuade the Hongkong Bank from proceeding with a rival bid. But it went ahead in the face of the Governor's "displeasure." Its challenge is the biggest test of the Governor's authority over the banking system for many decades. The clearing banks, in particular, are awaiting the outcome with interest.

Mr John Biffen, Secretary for Trade, has the unenviable task—given the widely differing views of the Government departments involved—of formulating the Government's response to the MMC's findings. A supporter of Mrs Thatcher's "free-market" policies, he could be expected to allow both bids to proceed. However, he faces opposition from the Bank of England and the Scottish Office and the Tory Party's political managers are worried about the impact on Tory support in Scotland.

Everyone who has been involved agrees that Mr Jeremy Hardie and his team of four men and one woman, investigating the two bids needed the wisdom of Solomon in writing their report. The one certain conclusion is that its recommendations are not going to satisfy everybody.

There are four major issues which the MMC has had to consider. The first, and far and away the easiest, is the question of the impact of either bid on the level of competition in the banking sector. Indeed if this had been the sole criterion, the MMC need hardly have bothered taking evidence. Both bids pass with flying colours.

However, it is the other issues which have dominated the MMC's thoughts and loomed large in the recommendations:

● The legitimacy of the Bank of England's controls over bank takeovers which is enshrined in its 1972 guidelines on mergers and acquisitions.

● The question of whether Britain should allow control of a major retail deposit bank to pass overseas—something which has not happened in other European countries but is common in the U.S.

● The Scottish question, and the impact any takeover of the Royal Bank could have on the resilience of the local economy.

Of all the issues, the questions raised by the Bank of England's role in the affair are the most delicate since they throw into question the Bank's authority in the City—something that was taken for granted until the Hongkong and Shanghai Bank stepped in and challenged it.

The Bank's position is simple. It has always assumed that it was in charge of vetting takeovers of UK banks, it only approves of agreed mergers, and it does not want to see control of a major clearing bank pass overseas.

It has nothing against the Hong Kong and Shanghai Bank but feels that the end of the day it cannot exert the same sort of informal influence, perhaps necessary in a crisis, as it could if the bank was headquartered in the UK.

It also feels that a merger between the Royal Bank and Standard Chartered Bank would be "good" for British banking. Standard Chartered is virtually the only major international bank without a strong domestic deposit base and is vulnerable as a result. A merger would create a strong fifth force in UK banking.

By contrast the Hong Kong Bank argues that it should be allowed to proceed with its bid. It was happy to abide with any conditions imposed by the Bank of England and feels frustrated that after several meetings in the early spring the Bank showed little appreciation of its position. It has taken legal advice on the Bank's 1972 guidelines and believes they do not apply to the current takeover, only bids for accepting houses—a point the Bank disputes.

The MMC is conscious that its recommendations in this area could have far reaching implications for the effectiveness of the Bank of England's "customary authority" in these matters. It is not something to be overturned lightly.

A point which has often been overlooked is that the Bank's customary authority has been challenged successfully in the past. In the 1920s Montagu Norman, the Governor of the Bank of England, opposed Barclays Bank's plan to set up the forerunner of Barclays Bank International and in the 1950s the Commercial Bank of Scotland flouted the Bank's advice and bought a hire-purchase company. A move which was subsequently followed by all the main clearing banks.

On the other hand the Bank of England's rules are not designed to encourage competition in the financial sector, something which is dear to the present Government's heart, and MMC support for the Bank's apparent ban on overseas takeovers of UK clearing banks will encourage other countries to adopt a far less liberal attitude to overseas acquisitions by UK banks. At least, the MMC should recommend that the guidelines on overseas takeovers of UK banks needs to be overhauled to reflect present day conditions.

The other issue which has generated considerable controversy and probably explains the Commission's request for a three-month extension to its timetable was the Scottish dimension of the rival bids for the Royal Bank Group.

The Scottish argument has been that the takeover of the Royal Bank, Scotland's premier bank, would mean the loss of a key decision-making centre and would undermine confidence in the local economy. Most of the Scottish witnesses that gave evidence to the MMC opposed both bids although the financial community has been noticeably quiet and is generally assumed to support the Hongkong Bank of the two bidders.

While the Scottish issue has raised emotions north of the border, it has been more difficult to establish substantive points against either takeover. Despite its name, the Royal Bank of Scotland is in many respects more English than Scottish and Williams & Glyn's makes more than half the group's profits.

The Commission has considerable freedom in determining the public interest issues involved in mergers, although there are certain criteria laid down by section 84 of the Fair Trading Act. Of these criteria, the most important influence on the Commission's deliberations has probably been the need to have "regard to the desirability of maintaining and promoting the balanced distribution of industry and employment in the UK."

The Commission has previously shown its belief in keeping Scottish business independent.

However, the Commission's findings in this area have varied. In Lonrho's recent bid for House of Fraser, another leading Scottish registered company, the MMC panel was not convinced that a takeover would have "special adverse consequences for Scotland."

The outcome of the battle for the Royal Bank is still an open question. The Government has the power to overturn the negative advice of the MMC. Such a move would be most unusual, but not unprecedented. Only last month the Government turned down an MMC recommendation that retailers should be allowed to impose surcharges on credit card users.

Lombard

Why Europe lags in electronics

By Giles Merritt in Brussels

IT IS in the small, somewhat undistinguished, conference rooms of the EEC Council of Ministers' Charlemagne building next to the Brussels Berlaymont that Europe's grander strategies usually bite the dust.

It is there that the expressions of political will made by the EEC's "1st XI," the heads of Government of the Ten and the Commission President, as their thrice-yearly summits tend to hit the immoveable objections of national politics.

The past few weeks have provided a daunting example of this dispiriting truth. And to make matters worse the ambitious Euro-project that has foundered on the rocks of the "2nd XI" of the Council of Ministers was none other than the EEC's crucial strategy for microelectronics.

The political realities that have prevented the Community from adopting measures that could help develop the European "telematics" market into one as large and dynamic as those of the U.S. and Japan are at first sight petty.

The aim of the telematics strategy was to make a concerted push to get the Community into the forefront of the micro-technology revolution. With Brussels Commission forecasts suggesting that the present $6bn world market for telematic equipment will have exploded to $80bn by the end of the 1980s, member governments have been in general agreement on the need to catch up with the Japanese and American frontrunners. The priority, if Europe is not to be left far behind in the race to regain industrial competitiveness through automation, is to develop an EEC electronics industry that will year-on-year supply more than a third of world requirements. The means, of course, is to have a truly common market in microelectronic equipment. It is argued and there seems little room for disagreement, that only the development of a unified domestic market for the electronics producers of the Ten will amount to a viable launch pad.

In January, 1980, the European Commission responded to all these pressures — and, indeed, to its own internal warnings since 1974 on losing the micro-electronics race — with a formal six-point programme. In among the predictable calls for telecommunications harmonisation, inter-institutional networks and an EEC-wide approach to research and development there lay the nub of the problem. Brussels urged member governments to encourage their public procurement agencies to put a certain amount of business out to tender on an equal basis to all Community producers.

Last month three specific recommendations were placed before the Council of Ministers. The first two—harmonisation of telecommunications, and the setting up of a Community market of new telematic terminals—existed no great controversy. But France has adopted an obdurate attitude on the partial opening up of government purchasing—even though the proportion of electronics procurement to be thrown open amounted to only 10 per cent, and that as a recommendation without any compulsion for governments to do so.

France's objection, which is being backed in a lukewarm fashion by Italy, is that the liberalisation should apply only to EEC "producers," and not to "suppliers," which could mean any non-EEC electronics giants operating inside the Community.

Semantic wrangling in Brussels, over which, if either of those two terms should be written into the Community strategy, has so far produced a deadlock. At first glance, the argument is furthermore being reduced to one of French "protectionism" versus West German "liberalism," for Bonn has been giving very strong backing to the new public procurement proposal.

In all this, the protagonists seem at risk of having missed the point. The non-EEC electronics producers are in any case an integral part of the Community's micro-technology industry, providing as they do both employment and know-how. The aim of the strategy is to make the industry inside the EEC grow, rather than to cavil over the European "purity" of the companies concerned. And the effect of not implementing that strategy could well be to sentence those EEC telematics producers to stagnation.

Letters to the Editor

Government loan guarantees to small businesses

From the Chairman and Managing Director, Elite Hosiery Company

Sir,—Through my MP I have now received details of Government loans to British Leyland to use as a yardstick against the loan guarantee scheme to small firms. Government funding of British Leyland currently totals £1.7bn with £540m of the promised £900m for 1981-83 yet to be advanced. This has been made available as equity—not surprising as no reasonable person would ever expect it to be repaid as a loan. It is therefore, effectively an interest-free gift. Compare this to the loan guarantee scheme for small firms £50m to be made available in each of the next three years total £150m which in Government terms isn't even petty cash. Let it not be forgotten that the Government is not even finding this £150m—it is only guaranteeing it to the banks. Only if every approved loan to every company resulted in bankruptcy would it have to provide this sum—highly unlikely.

The scheme is not even standard to all applicants, the Nat-West charging 1 per cent of the loan with a limit of £100 while other banks charge 1 per cent for the work involved in submitting the application. Lloyds Bank charges 2 per cent on the loan and others charge 2½ per cent interest over base rate!

The Government points to the success of the scheme by the amount of money that has already been granted—with the banks giving small companies with any degree of risk no other choice hot the loan scheme, it would indeed be surprising if it was not a success judged on this basis.

Companies paying 2½ per cent interest above base rate to the bank + 3 per cent to the Government—which paid three months in advance = approximately 3¼ per cent—are thus paying an horrendous 5½ per cent over base rate! The closer one looks at these figures the more horrific the scheme appears. With a copper bottomed guarantee from the Government on 80 per cent of the loan why should the banks be allowed to charge more than 1 per cent over base rate on this portion of the loan, the same as would be charged to a "Blue Chip" company? If this is accepted then the 2½ per cent interest charged by the banks over the complete loan means that they are in effect charging 7.25 per cent over base rate on the 20 per cent of the loan that they have at risk. To this needs to be added the 3 per cent interest charged by the Government for the guarantee—need one wonder that the first bankruptcies are appearing—what new business could stand these rates of interest?

It should surely not be beyond the skill of the Government negotiators to devise a standard scheme with the banks on the following basis—1 per cent with a maximum of £100 for the work involved in submitting the application. Banks to charge 1 per cent above base rate for the 80 per cent guaranteed by the Government (the equivalent rate to Blue Chip companies) plus 3 per cent over base rate on the unguaranteed 20 per cent. This averages 1.4 per cent over base rate on the total loan. As small companies cannot normally borrow on better terms than 3 per cent over base rate the Government, by charging 2 per cent interest on the 80 per cent guarantee, would bring the total interest charge up to 3 per cent over base rate. This should be sufficient to safeguard against default payable three months in arrears. Whatever mix of interest rates was agreed the total package should not exceed 3 per cent over base rate.

If the Government is sincere about helping small companies—and I believe it is—it should amend the scheme forthwith along the lines outlined above and make the new terms retroapective.

J. A. Wheatley
(Immediate Past President of the Knitting Industries Federation).
Elite Hosiery Company,
Hawley Road,
Hinckley, Leics.

Marconi and the torpedo deal

From the Managing Director, Marconi Company

Sir,—The article headed "Defence Ministry puts tighter controls on torpedo deal" (January 8) contains a number of inaccuracies which, unfortunately, could be misleading to the taxpayer as to cost and potentially damaging to export prospects.

The statement that £920m had been spent on Stingray by 1979 is not corect. The total spent by Marconi and British industry on Stingray by June 1979 was £67m and today is about £240m.

The figure of £920m comes from a Select Committee estimate of the cost of Stingray over its 20-year life span including, not merely design and development, but also tooling, test equipment and the cost of supplying the Royal Navy's total requirement for these sophisticated weapons, plus Vat.

The history of Marconi's contractual position is inaccurate. For almost eight years prior to 1979 Marconi had worked on the project as a major subcontractor to the Ministry of Defence on a cost plus basis. During that period The Ministry exercised the total control associated with the function of "prime contractor."

In 1979 Marconi signed a contract worth £200m for the design of the system and the manufacture of 270 torpedoes and for the first time became the "prime contractor" for Stingray. That contract defined the respective responsibilities of Marconi and the Ministry in a way which was proper to Marconi's new "prime contractor" role and under that contract Marconi has completed each phase by the prescribed date and been awarded every bonus provided for good performance. Stingray will start its acceptance trials very shortly and on schedule. Marconi is entitled to think it has done somewhat better than "rather well."

Turning to the heavyweight torpedo, the U.S. Navy's Mk 48 is not the weapon which was offered in competition with the Marconi 7525. You state that the American torpedo which was competing for the contract now being placed is an "already developed weapon." It is not. It is based on the Mk 48 design but is still in the course of development and has yet to enter the water.

Arthur Walsh,
Marconi Company.
Stanmore, Middlesex.

Since Marconi declined to be interviewed for the article, references to the company's performance were necessarily based on information from the Ministry of Defence. Editor.

Stumbling and unsure but it is progress

From Mr R. Britton

Sir, — Although unfashionable to do so, your refreshingly optimistic editorial (December 31) reminds us that, despite everything, our civilisation is making progress albeit in a somewhat stumbling and unsure fashion.

You would have done well also to point out that, seen in the context of such progress, those whose political, economic and moral thinking depends upon the preservation and renewal of the old industrial order are no longer the revolutionaries they have so vociferously proclaimed themselves to be. They are shown up for what they truly are—the reactionaries they purport to despise.

Richard Britton,
"Crooklets," High Street,
Shrewton, Salisbury, Wilts.

£18m awash in missing bottles

From the Sales and Marketing Director, A. G. Bar and Co

Sir,—Maurice Samuelson's article on packaging (January 5) raises a persistent misconception that it is industry which dislikes the returnable bottle.

We support the returnable bottle system and try to improve it. In the last 12 months the trippage within this company's business has improved against a previous trend of declining trippage. The system, still loved by industry, seems less loved by the great British public who annually fail to return 180m bottles to our industry, as a whole, worth £18m in lost deposit.

PET is certainly an excellent pack for bulk purchase, but please do not perpetuate the idea that the returnable bottle is dead, or indeed, dying.

R. H. Stothert,
A. G. Barr and Co,
North Road,
Atherton, Manchester.

Successful selling to Japan

From Sir Michael Wilford

Sir,—It is not my function to defend the Japanese against the accusations made by Mr de Saxe (January 6), but as a former ambassador in Japan I do feel obliged to defend British exporters whose efforts are belittled by him. I have been appalled since my return to this country at the ignorance of people who do not know that we export annually to Japan about £600m worth of goods. Japan is in fact about (I write from memory) our eleventh biggest market in the world. A recent report by the Economist Intelligence Unit dealt with a number of the wilder allegations about non-tariff barriers. There is in fact virtually nothing except fresh meat from Britain that cannot be sold in Japan, as those who really try have discovered. I take my hat off to those who have tried hard and succeeded.

(Sir) Michael Wilford.
Brook Cottage,
Abbotts Ann,
Andover.

'Creditable' £10.6m from Magnet & Southerns

A CREDITABLE profit statement has been turned in by Magnet and Southerns, manufacturer of prepared joinery, doors and ancillary products, says Mr S. Oxford, the chairman.

Taxable profits declined 11 per cent from £11.9m to £10.58m for the six months to September 1981, but he claims the company "has lost nothing on the second half of last year."

Last September the chairman said he expected profits this year to be lower—for the whole of the 1980-81 year the pre-tax surplus amounted to £22.61m.

"We feel badly frustrated with the low level of activity," says Mr Oxford, "but nonetheless have pursued our main objectives." He adds that the company has the capability to respond quickly to any improvement in the national economy, and says that the latter part of the year may provide the opportunity.

A same-again dividend of 2p is being paid—last year's total was 5p. Turnover this time slipped from £73.25m to £70.66m.

Tax was almost the same at £4.11m (£4.03m)—the figure now includes stock relief and the figures for the previous year have been adjusted accordingly.

Net profits emerged lower at £6.44m, compared with £7.84m.

For the six months, taxable profits of wholly-owned subsidiaries, Magnet Joinery and Southern Evans amounted to £7.35m (£8.16m) and £3.31m (£3.68m) respectively.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. G. Barr	4.62	—	3.64	5.57	4.59
Carclo Eng. ...int.	1.3	Feb. 27	1.3	—	2.6
Claverhouse	4.3	Mar. 2	4.15	6.55	6.4
Ellis & Everard ...int.	2.5	Mar. 15	2.27*	—	5.91*
Magnet & Southerns int.	2	Mar. 31	2	—	5
B. Paradise ...int.	0.7	Apr. 2	—	—	0.7‡
H. Samuel ...int.	1.5	Feb. 1	1.5	—	6.25
F. H. Tomkins ...int.	0.58	Apr. 1	0.5	—	1.15
Wheway Watson ...int.	nil	—	nil	—	0.05

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

A. G. Barr expands to £3.28m

WITH VIRTUALLY all of the increase in pre-tax profits at A. G. Barr and Co. coming in the second period, this soft drink manufacturer finished the 53 weeks to October 31 1981 with £3.28m, compared with £2.57m for the previous 52 weeks.

Turnover moved ahead from £28.78m to £31.9m and the dividend is stepped up to 5.569p (4.5875p) net per 25p share with a final payment of 4.615p.

After six months the taxable surplus was £975,000, against £950,000.

Turnover in the current year so far had been disappointing, the directors state, compared with the same period in 1981. This was mainly because of a tightening of disposable incomes, they explain, and the severe winter weather which had affected sales as well as causing distribution problems.

Mr Robin Barr, chairman, says the absence of sustained summer weather and the effect of recession adversely affected the percentage increase in turnover for the 53 weeks, but favourable container prices enabled the group to keep the average price increase of its products well below the retail price index. A small, but welcome, improvement in margins had been achieved, he adds, particularly on non-returnable containers.

Mr Barr says the creation of three flavours, with a brand image linked to Peanuts cartoon strip characters, "will be marketed during 1982 through an extended range of packs and support advertising."

The group has completed the purchase of a Walthamstow factory in which a can production line from Atherton will be installed; the London branch activities at the Edmonton site will be transferred to the new location by mid-summer.

During the current year Barr has budgeted to spend approximately £2¼m on fixed assets within its national network of manufacturing plants and distribution depots.

Profit figure for the 53 weeks included interest received of £300,000, against £356,000, and was subject to tax of £834,000 (£560,000). There was an extraordinary credit, last time, of £187,000, and earnings per share are given as 38.68p (31.82p).

On a CCA basis the pre-tax figure is reduced to £2.46m (£1.74m).

● comment

Stripping out interest receivable, A. G. Barr shows a smart increase in pre-tax profits of more than a third. The soft drinks business remains weak and Barr's volume advanced only marginally. But business for the company's container suppliers is much worse as the industry is plagued by over-capacity, and sagging demand giving Barr scope for some tough negotiating. Barr's pre-interest, pre-tax, margins have improved from 7.6 per cent to 9.3 per cent in the year. At the same time, the group has been expanding and improving its plant. It spent £3.5m last year and plans to invest another £2.75m in the current year. This programme plus a "vigorous" media campaign to support its Snoopy drinks, should be amply covered by the group's cash reserves (about £3m at the last year-end) but could reduce interest receivable next time. A bigger crimp on Barr's prospects is the current arctic weather which is preventing drinks' lorries in Scotland from their appointed rounds. The shares, up 10p to 215p, yield 4 per cent.

Improved trend at Wheway

Including an exceptional credit of £75,000, pre-tax losses of Wheway Watson Holdings were reduced to £413,000 for the 26 weeks ended October 3, 1981, compared with £694,000 for the previous 27 weeks. Turnover fell from £11.34m to £8.54m.

There is no interim dividend again—last year's final payment was 0.05p net after a pre-tax loss of £1.83m (£470,000 profit).

The directors anticipate a marginal group loss for the second half of the year, and given an improvement in the economic environment, they look forward to a return to profitability during the 1982-83 year.

The loss incurred by the forging division accounted for a substantial part of the group trading loss, the directors state, compared with a near break-even position last year. Steps have been taken to improve the situation and while losses will continue in the second half, they are expected to be at a lower level.

The chain and marine lashing sectors improved their positions, making marginal losses this time, against a substantial deficit previously, and the hoist division achieved a profit much in line with the corresponding period.

And, although losses continued in the lifting engineering side, they were at a lower level, directors explain.

The exceptional credit comprised the proceeds of plant sales, less redundancy and removal costs, and interest charges took £358,000, compared with £457,000. There was no tax (same).

Loss per 10p share is given as 1.45p, against 2.53p.

Tomkins rises in first half

ALTHOUGH AFFECTED by activity in France, which came into recession some nine months behind home trade, pre-tax profits of F. H. Tomkins expanded from £206,000 to £384,000 for the half-year to October 31 1981. Turnover, however, dropped from £10.09m to £7.38m.

The group manufactures buckles, bright drawn steel and nuts and bolts. The directors expect second-half profits to reflect the customary significant improvement over the first period and, having achieved a tangible advance in group liquidity, they feel justified in restoring the interim dividend to the 1979 level.

The payment of 0.575p net compares with 0.5p last time. A total of 1.15p was paid in 1980-81 from taxable profits of £788,000.

The directors report that business in the UK has been improving significantly. Corrective action was taken to reduce the French establishment in line with the anticipated level of trade and the latest indications are that the deterioration has been halted and, to some extent, reversed.

After tax of £117,000 (£67,000) and minorities of £6,000 (£7,000) the net balance was up from £134,000 to £261,000.

Hallam Sleigh omits pref. dividend

Hallam Sleigh and Cheston, the lossmaking general engineering group which trades under the Widney name, is not paying the preference dividend which was due on December 31 1981.

The company, which has not paid a dividend on the ordinary shares for the past three years, reported a pre-tax loss of £80,000 for the first half of 1980-81.

The directors said in their interim report that although the group had traded profitably since March 31 1981 it was unlikely that the half-year loss would be extinguished by profits in the second half.

The shares were unchanged at 7p yesterday.

SPAIN

January 8	%	+ or −
Banco Bilbao	337	+2
Banco Central	338	+3
Banco Exterior	303	
Banco Hispano	325	
Banco Ind. Cat.	115	
Banco Santander	347	
Banco Urquijo	213	
Banco Vizcaya	355	
Banco Zaragoza	216	
Dragados	127	
Espanola Zinc	60	
Fecsa	60.7	+2
Gal. Preciados	43	
Hidrola	66.5	+2.5
Iberduero	53	
Petroleos	89.7	+0.5
Petroliber	100	−1
Sogefisa	40	
Telefonica	72	+1
Union Elect.	62.5	−2

Paradise up sharply at midyear

Sharply increased mid-year sales and profits are announced by B. Paradise, the furs and leather group in which R. and J. Pullman has a 30 per cent holding.

For the six months to October 31 1981, turnover more than doubled from £1.88m to £3.81m, while profits climbed from £20,000 to £151,000. There is again no tax charge.

An interim dividend of 0.7p net per share is declared. For the previous 15 months period, a single 0.7p was paid from taxable profits of £132,000.

The directors say they regard the interim figures as satisfactory in the light of present economic conditons and the improvement in profitability is expected to continue.

The dividend absorbs £35,000. Stated earnings per 10p share rose from 1.4p to 2.99p.

R. and J. Pullman acquired a major interest in Paradise between October 1979 and March 1980 and Pullman's chairman and chief executive, Maurice Hope, is on the Paradise board.

Improvement by Murray Northern

Revenue of Murray Northern Investment Trust advanced from £449,824 to £547,772 for the half year to November 30 1981, struck before tax of £215,212, against £170,466.

The board estimates that earnings per 25p share for the year ending May 31 1982 will be 1.9p (1.85p).

An unchanged net interim dividend of 0.6p per share has already been paid—the final last time was 1.25p.

At November 30 1981, net asset value was 111.5p, against 110.2p six months earlier.

HOWARD AND WYNDHAM

The dividend due this month on Howard and Wyndham's 9 per cent convertible cumulative redeemable preference shares 1999 and the 9 per cent special convertible cumulative redeemable preference shares 1999 will not be paid. Payment is in arrears from July 1 1979.

Carclo rises sharply and sees similar second half

ALTHOUGH TURNOVER declined by almost £1m to £13.4m, taxable profits of Carclo Engineering Group advanced sharply from £466,000 to £985,000 for the half year to September 30 1981.

Sir Robin Brook, the chairman, says that in his annual report for 1980-81 the company was budgeting for a small profit pre-tax in the first half followed by an appreciably better second six months. In the event, he says trading improved more rapidly than he forecast—it is anticipated that second half earnings will be maintained at about the same level.

First half stated earnings per 25p came through at 5.6p (7.6p loss) but the net interim dividend is being held at 1.3p—a final, also of 1.3p, was paid last year from taxable profits well down at £718,000 (£2.87m).

Half year interest charges were lower at £380,000 (£540,000). Tax took £544,000 (£572,000) leaving the net balance at £441,000 (£106,000 loss). After minority debits of £83,000 (£77,000) and extraordinary debits last time of £156,000 available profits emerged at £232,000, against a deficit of £497,000.

At September 30 1981 borrowings net of cash were 40 per cent of total shareholders' funds, compared with 63 per cent at March 31 1981, due mainly to the sale of fixed assets surplus to requirements and to reduced working capital needs as a result of efforts to streamline the UK activities.

● comment

Carclo was scheduled for recovery in the current year, after heavy rationalisation in 1980. So far, the recovery is ahead of expectation; the shares leaped ahead 10p yesterday, to 72p. If, as the company expects, second half earnings broadly match the first half, pre-tax profit should be not far short of £1.6m, suggesting a fully-taxed p/e of 8. This is a far more demanding multiple than it looks, because every substantial part of the earnings are locked into the Indian subsidiary. Indian profits appear to have risen by about 8 per cent, and since European operations have been less rewarding, practically all of the £0.34m trading improvement can be traced to loss elimination in the UK. A maintained final would imply a yield of 5.3 per cent, sufficiently low to indicate market optimism over e—perhaps partial—restoration of dividend.

Braid losses reduced

SECOND-HALF taxable losses of Braid Group were sharply reduced from £682,677 last time to £113,164 and for the year as a whole to September 30 1981 this vehicle distributor finished £337,164 in the red pre-tax, compared with £872,677. Turnover was lower at £36.69m, against £43.47m.

The pre-tax deficit was struck after much lower interest charges of £451,392 (£1.1m). There were tax credits of £257,393 (£110,718 charge) and after extraordinary credits of £89,538 (£3,903) the attributable profit emerged at £9,567 (£979,492 loss).

Stated loss per 5p share was reduced from 16.5p to 1.45p but there is again no dividend for the year.

CCA adjustments increase the taxable loss to £754,000 and on the same basis loss per share was 8.4p.

Ellis & Everard ahead midway

Taxable profits of Ellis and Everard, industrial chemical distributor, rose from £701,000 to £803,000 for the six months to October 31 1981 after net interest charges of £31,000, compared with £52,000. Turnover was ahead at £16.29m, against £15.08m.

Mr Simon Everard, the chairman, believes the company has weathered the worst of the recession and although trading conditions remain "anything but easy" he is hopeful that full year results will reflect progress and growth.

With stated earnings per 25p share higher at 6p (5.1p) for the half year the net interim dividend is being stepped up from the equivalent of 2.2727p—after allowing for the one-for-10 scrip—to 2.5p. A total equal to 5.909p was paid for 1980-81. Six months tax took £319,000 (£295,000).

On a CCA basis pre-tax profits of the group, in which ICI has a 26 per cent interest, were £589,000 (£560,000).

The directors say the first half traditionally produces the larger part of profits for the group as a whole. However, they still expect the second half to take the full year results close to 1980's near £1.5m record.

Commenting on the first six months they say that both the manufacturing and fine chemical divisions were back in profit, but the merchanting sector, which accounts for 85 per cent of group sales, saw a small downturn. They point out that the results for the previous financial year included pre-tax losses of £115,000 from the discontinued leisure division, of which £70,000 was incurred in the first half.

A small UK acquisition—less than £200,000—is expected to be announced next month. The group is also hoping to clinch a deal before the end of the year which could give it control of one or two U.S. companies. The move, which would be its first U.S. takeover, is unlikely to involve more than £2m.

● comment

Ellis and Everard's 14.5 per cent rise in pre-tax profits exceeded analysts' expectations. Seventy thousand pounds of the increase is attributable to the closure of the loss-making leisure division. Profits are finally coming in from the Anstead fine chemicals division, where break-even point was reached, aided by cutbacks in technical staff. Improvements generally have come from increased business from existing accounts allied to a tougher attitude to debtors and, for the first time in four years, no interim wage increase. The manufacturing division, representing about 4 per cent of turnover, has done particularly well, and the company plans a small (under £200,000) acquisition in this area, to be completed in February. The company feels its distribution network in the UK is complete and the long-awaited U.S. acquisition should finally be sewn up by the end of 1982. About £2m is the likely price, though cash holdings have been eroded by restocking on the merchanting side. With the company announcing that it is finally firing on all cylinders, the market responded with the share price rising 10p to 128p, a high for 1981-82, and yielding 7.4 per cent. ICI holds just over 26 per cent of the equity.

Tisbury rights extension

THE FINAL date for acceptances in the £206,000 rights issue of unquoted Tisbury Brewery is being extended from January 7 to January 21.

Mr C. R. Baker, chairman, said acceptances had already been received in respect of more than £100,000 but suspected that postal delays over the Christmas and New Year period may have delayed other responses to the three-for-two offer.

Mr Baker also said the company has agreed to acquire a wine warehouse business in Hampshire for a price based on asset value. The initial payment will not exceed £9,000 and the total value of the assets to be acquired does not exceed £25,000.

Dealings in Tisbury shares can take place under Stock Exchange rule 163 (2) (a).

Elsewhere acceptances have been received in respect of 93.38 per cent of the 6.47m shares of Lennons Group, offered in a one-for-five rights issue at 44p.

Also the recent rights issue by Haslemere Estates of £22.1m in 9 per cent convertible loan stock has been accepted as to 90.2 per cent.

Polly Peck chief explains item noted by auditors

AUDITORS Stoy Hayward have drawn attention to a note in the accounts of Polly Peck (Holdings) which spells out details of substantial sales to Nadir Holdings Co—a company jointly owned by Mr Asil Nadir, Polly Peck's chairman and managing director, and his father Mr I. Nadir.

The note relates to sales by the newly formed Uni-Pac Packaging operation in Cyprus making corrugated boxes. £2.16m of Uni-Pac's sales were made through Nadir Holdings. The balance owing to Uni-Pac at the end of the financial year, August 31, 1981, was just over £2m.

At the time of the report Nadir Holdings had paid over £1m to Uni-Pac and Mr Asil Nadir said yesterday that only £300,000 to £350,000 remained outstanding and this would be paid within the next ten days.

Mr Nadir stressed that transactions between his private company and Polly Peck's Uni-Pac involved no profit for his company.

The reason for the arrangement was because the delay in the start up of Uni-Pac had caused concern among local fruit growers that Uni-Pac would not be able to fulfill their orders, leaving them to buy boxes on the open market at a much higher price.

The original plan was to start the packaging plant in September 1980. However market research established that the sales potential was greater than had been envisaged. Mr Nadir estimates the market—agricultural and industrial—in Cyprus and surrounding countries to be around 1bn boxes a year.

Uni-Pac then took the decision to put in a heavier corrugating machine though it meant strengthening the foundations of the 60,000 sq ft factory by a further 3 foot. The plant did not become operational until March last year.

Mr Nadir says that his private company guaranteed to fulfil all orders to maintain confidence. If Uni-Pac had been unable to produce in sufficient quantity Nadir Holdings would have been obliged to buy boxes elsewhere and have them shipped to Cyprus. In the event Uni-Pac met all the orders and the arrangement was unnecessary.

Polly Peck is now putting in another production line at the Uni-Pac factory ultimately doubling the potential output by mid-summer to around 60m boxes a year. Three-fifths of sales go to industrial customers.

The annual meeting is called for January 27.

Excellent year for linked life operations

LAST YEAR was excellent for unit-linked life and pensions business, according to figures now being released by the linked life companies and by the linked operations of traditional life companies.

Abbey Life Assurance, one of the two largest linked life companies, reports lump sum investment made in 1981 exceeding the £100m mark for the first time. Unit-linked bond sales jumped 86 per cent from £29.9m to £55.6m, while guaranteed bond investments more than doubled to £51.1m (£22.8m).

Annual premium business was also buoyant last year, with life premiums rising 44 per cent from £19.8m to £28.6m and pension premiums by 29 per cent to £26.8m, against £20.8m.

The company fully participated in the boom in self-employed pensions business seen last year as a result of concessions in the 1980 Finance Act and the introduction of loanback facilities. New annual premiums improved 44 per cent to £11.5m, and single premiums doubled to £2.2m.

Director and executive pension business was less buoyant with a 20 per cent rise in annual premiums to £15.3m and a one-third jump in single premiums to £4.5m.

Total premium income for the year advanced 50 per cent to £255m (£170m), while benefit payments, at £105m, passed the £100m mark for the first time.

Abbey's growth in life annual premiums was spread across the whole spectrum of its product range. This has been extended this year by the introduction of a new unit-linked whole life plan — CoverMaster — under which life cover can be varied to meet changing circumstances and there is complete flexibility on the level of cover and investment and the size of premiums.

The venture last year into the unit-linked life market by Scottish Amicable Life Assurance Society results in £25m of single premiums being received from the launch on February 26 and £200,000 of annual premiums from September 30.

The Society had a very good year in 1981 for many sectors of its business with new annual premiums advancing over 40 per cent from £32.1m to £45.4m and single premiums more than doubling from £25.2m to £56.2m, thanks to the success of the unit-linked launch.

New annual premiums on individual business in the UK rose 12 per cent from £16.4m to £18.4m, with premiums on its self-employed pension contract, Flexipension, improving 16 per cent to £4.1m, while premiums on its endowment mortgage business rose 30 per cent to £4.2m.

In addition to its linked business, self-employed single premiums improved over 80 per cent to £6.7m, and executive pensions by nearly 60 per cent to £3.3m.

New annual premiums on the managed fund operation SCAMPI more than doubled last year from £9.5m to £19.8m, while single premiums were 12 per cent higher at £17.5m, against £15.6m.

There were 52 new schemes including 47 new clients to the Society. New annual premiums for insured schemes were unchanged at £4.7m, while single premiums declined slightly from £2m to £1.9m.

The Society had a good year with its Australian business with annual premiums up £1m to £2.5m.

LONDON TRADED OPTIONS

Jan. 11. Total Contracts 1,456. Calls 1,185. Puts 271.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	18	8	28	—	—	—	296p
BP (c)	300	4	108	18	15	28	12	"
BP (c)	330	—	—	11	19	17	2	"
BP (c)	360	—	—	6	1	9	—	"
BP (p)	300	9	86	12	—	30	—	"
BP (p)	330	26	2	—	—	—	—	"
BP (p)	330	—	30	42	—	50	—	"
BP (p)	360	—	10	74	—	74	—	"
GU (c)	120	6	10	14	—	25	—	125p
CU (c)	130	2	—	8	2	15	—	"
Cons. Gld (c)	500	3	—	17	5	37	—	464p
Cons. Gld (c)	550	1	—	8	2	15	—	"
Cons. Gld (p)	420	1	—	7	2	—	—	"
Ctlds. (c)	70	6½	6	8½	2	12	—	77p
Ctlds. (c)	80	1	—	4	14	7½	3	"
GEC (c)	750	60	26	82	7	107	—	807p
GEC (c)	800	18	6	47	—	64	1	"
GEC (c)	850	2	—	20	2	37	—	"
GEC (p)	750	2	—	12	5	22	—	"
GEC (p)	800	16	—	27	2	33	—	"
Gr'd Met. (c)	160	22	—	29	1	34	2	181p
Gr'd Met. (c)	180	4	2	15	—	20	2	"
Gr'd Met. (p)	160	1	—	7	—	2	5	"
Gr'd Met. (p)	180	4	8	14	4	16	—	"
Gr'd Met. (p)	200	21	—	24	—	25	2	"
ICI (c)	260	44	2	54	—	62	—	304p
ICI (c)	280	24	30	36	22	46	—	"
ICI (c)	300	6	135	19	37	30	—	"
ICI (p)	280	2	3	11	—	12	—	"
ICI (p)	300	6	1	18	—	22	—	"
Land Sec. (c)	288	2	30	—	—	—	—	290p
Mks & Sp. (c)	110	24	10	28	—	32	—	133p
Mks & Sp. (c)	120	14	29	16	1	24½	3	"
Mks & Sp. (c)	130	5	5	11	—	16	—	"
Mks & Sp. (c)	140	½	30	5½	—	—	—	"
Shell (c)	390	6	—	24	10	64	—	386p
Shell (p)	390	8	27	22	11	52	—	"
Shell (p)	420	36	—	43	—	42	1	"
		February		May		August		
Barclays (c)	460	15	—	26	2	40	—	443p
Imperial (c)	60	15	61	14½	—	15½	—	72p
Imperial (c)	70	6½	46	7¾	62	11	1	"
Imperial (c)	80	1½	—	6½	50	5½	35	"
Imperial (p)	70	4	—	6	10	7½	—	"
Lasmo (c)	420	12	1	32	3	47	—	394p
Lasmo (c)	460	8	—	20	2	35	1	"
Lasmo (c)	500	6	—	15	—	20	6	"
Lonrho (c)	70	12	3	14	—	17	—	80p
Lonrho (c)	80	4	18	7	12	10	—	"
Lonrho (c)	90	1	16	3	—	4½	—	"
P & O (c)	100	38	—	43	4	—	—	134p
P & O (c)	110	28	7	36	20	—	—	"
P & O (c)	120	19	18	26	42	35	—	"
P & O (c)	130	14	33	19	17	28	11	"
P & O (c)	140	10	16	16	6	—	—	"
Racal (c)	420	35	6	45	—	57	—	428p
Racal (c)	460	7	26	20	25	35	—	"
Racal (p)	420	17	25	22	—	28	—	"
Racal (p)	460	40	6	45	—	50	—	"
RTZ (c)	420	30	3	60	—	65	—	429p
RTZ (c)	460	13	—	27	4	40	—	"
RTZ (p)	420	10	34	17	2	24	—	"
Vaal Rfs (c)	50	6¼	20	7	—	9	—	$64
Vaal Rfs. (c)	70	1	10	3	—	4¼	—	"
Vaal Rfs. (p)	60	2½	—	4¾	—	7	1	"

C=Call P=Put

CORAL INDEX
Close 525-530 (−2)

OIL INDEX
March Refined $40.45

Wellcome moves ahead to £50m

GROUP SALES of the Wellcome Foundation, the international pharmaceuticals group whose sole shareholder is a charitable trust, rose from £449.4m to £500.3m for the year ended August 29 1981.

Taxable profits improved from £49.3m to £50.1m, but last year's figure included an exceptional stock credit of £6.4m. When adjusted for this, the increase was 17 per cent which, Mr A. J. Sheppard, the chairman, says is a substantial improvement in a difficult world trading environment.

With only 16 per cent of group sales being made to the UK market, the violently fluctuating exchange rates had a considerable effect on trading results. If sales and profits for 1980 and 1981 had been compared in local currency terms, the increases would have been 18 per cent and 29 per cent respectively.

Distributions to the sole shareholder, the Wellcome Trust, rose from £9m to £10.5m in 1980-81.

In current cost terms, pre-tax profits were ahead from £32.6m to £33.7m.

Capital expenditure in the UK almost doubled in the year to £21.2m, more than half the total group expenditure of £40.9m. This included a new production facility for Wellcome's diagnostic business at Dartford, a new organic chemistry research building at Beckenham, both of which will be completed this year, and new pharmaceutical development laboratories under construction at Dartford.

Overseas developments have included the completion of a new pharmaceutical factory in India, an extension to an existing factory in Kenya and a new building for developing drug safety at the Wellcome Research Laboratories in the U.S. A major factory extension is nearing completion in Pakistan, while in Montreal work has started on the relocation of the factory and offices of the Canadian company.

Exports from the UK were a record at £116.3m, compared with £107.6m.

Research and development expenditure increased from £47.3m to £52m.

The chairman reports that the group's finances continue in a strong position and adequate liquid funds and undrawn facilities, including certain term moneys, exist to fund future known capital expenditure.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—K. O. Boardman International, Caledonian Associated Cinemas, Hogg Robinson, Hollas, Ratners (Jewellers), Steed and Simpson.

Finals—Amalgamated Tin Mines of Nigeria, Batt Bros., Investors Capital Trust, Keoning, Melor, Lincroft Kilgour, Oakwood, SGB.

FUTURE DATES

Interims—

Hales Properties .... Jan. 15
Inchcape .... Jan. 28
Peerless .... Jan. 18

Finals—

Brothers Engineering .... Jan. 20
Copenhagen Handelsbank .... Feb. 17
Kershaw (A.) .... Jan. 25
Rank Organisation .... Jan. 25

ORE well over target and expecting further growth

CONTINUED expansion of its services and rental of equipment for seabed survey, navigation and telemetry, was a major factor in a better-than-expected jump in pre-tax profits at ORE from £85,294 to £355,610 for the year to September 30, 1981. It also helped send sales by this Great Yarmouth-based group soaring from £392,232 to £1.47m.

The directors are confident that the company has excellent prospects for maintaining its growth trend in the current year. Meanwhile, in the light of the 1981 results, a one-for-one scrip issue is proposed but in view of development requirements no dividend is to be paid.

Mr Albert Wilson, the chairman, says that the results considerably exceeded the profit goals management set itself a year ago when the company came to the market under Rule 163 (2) by way of a placing.

The figures include four months of J. Mills Electronics following its acquisition in May. Mills, which carries on business under the name of Bell Electronics, designs sophisticated underwater acoustic equipment.

As already announced, merger discussions by ORE with its former ultimate holding group Ocean Research Equipment Inc, have been terminated but the U.S. and the British concerns will continue to co-operate and pool stocks of certain equipment.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	8	8 B	79	25	8	33 A	$389
GOLD C	$425	—	—	10	12	2	24	"
GOLD C	$450	16	1.50 A	23	8	—	—	"
GOLD P	$375	123	7.50	18	13	3	16.50	"
GOLD P	$400	23	19	6	25 A	5	26.50 A	"
GOLD P	$425	8	38	—	—	2	42	"
GOLD P	$475	6	85 B	—	—	—	—	"
13¾ NL 81 87-91								
C F.107.50		—	—	—	—	50	1.20	F.106.90
C F.102.50		—	—	—	—	60	0.60	"
12 NL 81 85-88								
P F.100		5	0.20	100	0.60	—	—	F.108.70
P F.102.50		—	—	5	1.40	—	—	"
10¾ NL 80 86-95								
C F.97.50		—	—	101	1.50	—	—	F.97.20
		Jan.		April		July		
ABN C	F.280	—	—	20	14	—	—	F.284
AKZO C	F.20	25	4	—	—	—	—	F.24.10
AKZO C	F.22.50	227	1.60 B	105	2.50	—	—	"
AKZO C	F.25	608	0.10	176	1.30	170	1.90	"
AKZO P	F.25	16	1.10	—	—	—	—	"
HEIN C	F.55	—	—	50	1	—	—	F.48.40
HOOG C	F.15	16	2.10	—	—	—	—	F.15.80
HOOG C	F.17.50	51	0.10 A	60	1.20 B	59	1.70	"
HOOG P	F.17.50	20	0.80 B	20	1.10	—	—	"
KLM C	F.90	—	—	10	8.50	—	—	F.92.50
KLM C	F.100	15	0.10	37	5.50	—	—	"
KLM C	F.110	—	—	10	3	—	—	"
KLM C	F.120	—	—	20	1.40	—	—	"
KLM P	F.80	—	—	60	0.80	—	—	"
KLM P	F.90	—	—	41	2.90	20	5.50 B	"
KLM P	F.100	37	8.80	16	2.50	—	—	"
KLM P	F.110	12	16	—	—	—	—	"
NEDL C	F.140	—	—	28	5.30	22	6.50	F.135
NEDL C	F.150	—	—	56	1.80	—	—	"
NEDL P	F.150	—	—	45	1.60	37	6	"
NEDL P	F.140	27	5.20 B	35	6.50 B	—	—	"
NATN P	F.110	11	1.40	—	—	—	—	F.108.80
PHIL C	F.20	279	1.40 B	174	2.20	59	2.50	F.21.40
PHIL C	F.22.50	35	0.10	141	0.80	251	1.10	"
PHIL C	F.25	—	—	20	0.30	—	—	"
PHIL P	F.20	—	—	—	—	10	0.70	"
PHIL P	Fr.22.50	22	1.20	—	—	—	—	"
RD C	F.80	37	4.80	56	7.20	—	—	F.84.30
RD C	F.90	116	0.10	85	5	56	4.30	"
RD C	F.100	—	—	166	1	10	2.10	"
RD P	F.80	85	0.20	39	1.70	10	2.60	"
RD P	F.90	31	6	16	7	—	—	"
RD P	F.100	22	16.60	—	7.20	—	—	"
UNIL C	F.150	53	1.50 B	12	—	15	8	F.151.30
UNIL C	F.160	—	—	20	2.50	—	—	"
UNIL P	F.140	—	—	20	0.80	—	—	"
UNIL P	F.150	10	0.50	10	4.60	—	—	"
		Feb.		May		Aug.		
SLUM C	$55	—	—	24	4½	—	—	$51⅞

TOTAL VOLUME IN CONTRACTS: 4759

A=Asked B=Bid C=Call P=Put

BIDS AND DEALS

Lancaster Carpets buys Homfray from receivers

BY DUNCAN CAMPBELL-SMITH

Homfray and Company, the West Yorkshire carpet manufacturer which went into receivership on October 30, has been bought from the receivers by Lancaster Carpets, a subsidiary of Nottingham Manufacturing.

No price has been disclosed for the sale, which will pass over the property and assets of Homfray's main plant at Grange Road, Batley. Also included will be plant and equipment from the company's plant at Birstall.

Mr Michael Jordan, the receiver, said the business had been sold as a going concern. Final talks are also progressing towards a sale of the Birstall property. The company's other main plant at Willington is the subject of preliminary discussions with an outside bidder and is alternatively the object of a possible management buy-out.

The chairman, managing director and financial director of Lancaster Carpets were in meetings together at Homfray's head office yesterday, but had no details to reveal of their future plans for the company.

Mr David Marlow, the managing director, said they were "very busy getting the business going again" and would have more to say within a few days.

As normal in the circumstances of a sale by receivers, Homfray's entire workforce was made redundant prior to the sale. But Mr Jordan said he hoped as many jobs as possible could now be preserved at Grange Road.

It is thought unlikely that they will include any of the present management, which includes several directors brought into the company only last year, or of the Gillam family which owned over 40 per cent of Homfray.

The company's Australian subsidiary continues to trade profitably from its one plant near Melbourne and earned pre-tax profits around £1m in 1981. Mr Jordan said he expects it to be available for sale "within the next month or so."

Renwick in Western Fuel deal

Renwick Group, controlled by South African businessman Mr Graham Beck through his private Kangra International company, is selling its half share of the fuel distribution business of Western Fuel to its partner British Fuel for £4.13m cash.

British Fuel is a company jointly owned by AAH, the fuel distribution, building supplies, and pharmaceutical products group, and the National Coal Board.

The sale proceeds received by the Renwick Group will "substantially strengthen the group's financial base and resources and facilitate the future development of the other of its businesses." Last September, Renwick disposed of its loss making freight division for just £1.

Western Fuel carries on the business of wholesale and retail solid fuel distribution principally in the west and south west of England. Net tangible assets of the company at March 31 1981 were £2.68m and profits before tax for the year ended on that date amounted to £1.91m.

In its first full year of trading after the partnership was established in 1968 profits amounted to £411,000.

AAH is confident that the closer relationship will lead to improved trading opportunities for both Western Fuel and British Fuel. Western is to retain its separate identity.

The Stock Exchange prices of AAH and Renwick were unchanged at 86p and 85p respectively yesterday.

KCA looking to sell 30% holding in Berkeley Ex.

Mr Paul Bristol, chairman and chief executive of KCA International, the oil servicing and contracting group, yesterday confirmed that the group's strategic 30.36 per cent holding in Berkeley Exploration and Production was up for sale.

Berkeley was formed late in 1979 to take over the exploration activities of BW Sea Search, a wholly owned subsidiary of KCA.

Mr Bristol said that the group was looking for a buyer for the group's holding of 1.5m shares and was "talking to a number of parties at the moment."

KCA is hoping to get around 530p each for the shares which would realise some £8m. The Berkeley shares closed 20p higher at 365p yesterday.

Mr Bristol said that the group had shown a good profit on the Berkeley holding. It acquired its original stake in what was then Sea Search in 1973. KCA's holding increased to its present level when Berkeley was floated off in February 1980.

Mr Bristol said that KCA had "lots of expansion plans particularly in the U.S." He and KCA director Mr Colin Orr-Ewing (who is also executive chairman of Berkeley) plan to visit the U.S. shortly.

HABITAT/ MOTHERCARE

The Director General of the Office of Fair Trading is expected to recommend to the Secretary of State for the Department of Trade that Habitat should be allowed to proceed with its £117.6m bid for Mothercare, the specialist retail group, without any reference to the Monopolies and Mergers Commission.

A. Guinness sale to Grampian Hldgs.

Agreement has been reached for Grampian Holdings to acquire the Guinness Veterinary Group from Arthur Guinness Son and Company for approximately £1m in cash. Pre-tax profits of the companies being sold — Caledonian Veterinary Holdings, C—Vet, HMC (Manufacturing Chemists) and Veterinary Pharmaceuticals — before interest totalled £353,000 for the year ended August 30 1981. They are engaged in the manufacture and distribution of animal medicines.

Reed to acquire Essex County Newspapers

Reed International, publishers of the Mirror Group newspapers and an extensive range of magazines, is to take over Essex County Newspapers.

Essex County Newspapers produces seven weeklies and one evening newspaper, circulating in the north Essex area. The purchase will, like all newspaper takeovers, be liable to reference to the Monopolies and Mergers Commission.

Reed already jointly owns with Essex County Newspapers the QB printing works at Colchester. The purchase is Reed's second recent development in the provincial newspaper field. Last year it agreed to buy the Berrow's Organisation from News International, publishers of the Sun, News of the World and Times Newspapers.

Initial investments for English & Caledonian

English and Caledonian Investments, the venture capital organisation launched eight months ago with an initial capital of some £5m, has made its first two investments, both in the micro-computer industry.

English has taken a 12 per cent stake in CPU Computers, of Woking, and a holding of just under 10 per cent in Data Design Techniques. The combined cost is over £1m.

Founded in 1973 by two former senior executives of an American micro-computer company, CPU's sales in the June 30 1981 year were some £4m. In the current year these are expected to expand by a further 50 per cent.

Data Design was founded in 1971 by three executives who had previously worked as specialist engineers for a number of UK and American computer companies. Sales for 1980/81 amounted to £1.74 mand are showing a "substantial increase this year," it is stated.

The majority of shares in English are owned by investment companies whose funds are administered by Gartmore Investment, with a significant stake held by Scottish United Investors.

English says that its primary investment areas are likely to be consumer durables, food and leisure, electronics, computing and related industries. It intends to avoid the property, natural resources and heavy engineering sectors.

RTZ STAKE IN WARD TOPS 30%

Rio Tinto-Zinc's stake in Thos. W. Ward has passed the 30 per cent mark following purchases in the market of 1m shares last Friday and a further 1,775,000 shares yesterday, all at 230p per share cum dividend.

RTZ now holds 30.55 per cent of Ward, not including acceptances received in respect of its current bid. These amounted to just over 3 per cent on January 8. Under Rule 34 of the Take-Over Code, RTZ will announce today the total of acceptances received to date. It must also post today its revised terms for Ward under the bid due to close on January 26.

MT. CHARLOTTE

Mount Charlotte Investments and its subsidiaries continue to trade satisfactorily in the second half of 1981, it is stated in a circular giving full details of the purchase of the London Ryan Hotel.

MONSANTO SELLS COLE HOLDING

In response to an approach from certain directors of R. H. Cole, Monsanto has sold to them and the Finance Corporation for Industry its 21.3 per cent shareholding in Cole.

While specific terms of the sale were not disclosed, the price was based on current market values.

Dr J. W. Barrett, the chairman, acquired 100,000 shares, Mr C. W. Fone and family 180,000, and Mr C. J. Chammas 100,000. FCI has bought an 8.23 per cent stake.

Cole incurred a loss of £343,000 in 1980, compared with a profit of £678,000. In the first half of 1981 the deficit was £295,000.

The shares closed unchanged at 48p yesterday.

SHARE STAKES

Sturla Holdings — Park Place Investments has disposed of 450,000 ordinary, leaving its holding at 2.15m (8.24 per cent).

Reliant Motor — T.M. Trading has purchased a further 25,000 ordinary, raising its holding to 970,000 (17.52 per cent).

Hallite Holdings — Kleeman Industrial Holdings has disposed of its entire holding of 188,200 ordinary shares.

H. Brammer — Prudential Corporation Group of Companies now holds 1,944,158 ordinary (9.96 per cent). J. E. Head, director, has sold 12,000 ordinary shares and is now beneficially interested in 265,085 ordinary shares.

Peter Brotherhood—The shareholding of Morgan Grenfell Special Exempt Fund registered in the name of MGX Nominees "A" account has been increased from 214,000 to 294,000 ordinary shares (5.51 per cent).

Rightwise—Following recent purchases and the acquisition of Jassrite Holdings, Crosby House Group and its subsidiaries are now interested in 871,120 ordinary (60.96 per cent).

Link House Publications — Director G. C. Burt has sold 10,000 shares. A sale of 100,000 shares at 248p to meet CGT liability in respect of a discretionary settlement gives effect to following: G. C. Burt—as a trustee and joint holder with M. A. Bore—and J. E. Bore, as husband of a trustee, have had their non-beneficial interests reduced by 100,000 shares each; M. A. Bore—as a trustee and joint holder with G. C. Burt—has had her interest reduced by 100,000 shares, leaving her interest at 9.53 per cent.

Trust Securities (Hldgs.) — Ensis has disposed of 40,000 non-participating convertible shares.

Estates Property Investment Company: Courtaulds Pensions Common Investment Fund disposed of its 6.1 per cent interest in the ordinary shares.

Dares Estates: Mathay Investments acquired 70,000 ordinary shares. Mathay Investments represents a beneficial interest of Mr David Sidi, a director. Following this acquisition, Mathay will be the registered holder of 2,259,751 shares (9.05 per cent).

Staffordshire Potteries (Holdings): Temple Bar Investment Trust now hold 200,000 ordinary (3.56 per cent) and 300,000 10 per cent convertible cumulative redeemable preference shares (15.67 per cent).

Burco Dean: Charente Steamship Company has increased its shareholding to 2.37m ordinary shares (28.03 per cent) by the purchase of a further 25,000 ordinary.

Ackroyd and Smithers: Merchant Navy Officers Pension Fund is now the beneficial owner of 510,000 ordinary shares (5.06 per cent).

Forminster: E. Youell, director, has disposed of 75,000 shares at 110p leaving holding 227,892 shares (8.15 per cent). H. Bronstein, director, has disposed of 175,000 shares at 110p leaving holding 1.01m shares (27.33 per cent). Prudential Corporation Group has acquired 180,000 shares making a holding of 352,500 shares, 9.51 per cent.

Hambros Investment Trust—J. H. Jacobs, director, disposed of 100,000 shares, and now holds 595,214 (1.13 per cent).

Coocord Rotaflex — Company has been informed that Suter Electrical owned 225,000 ordinary at December 31 (8.4 per cent).

Industrial and General Trust—National Coal Board staff superannuation scheme and the Mineworkers' pension scheme now hold 28,085,185 ordinary (13.02 per cent).

Glebe Investment Trust—Trustees of the National Coal Board staff superannuation scheme, the Mineworkers' pension scheme, the Coal Industry benevolent trust and the Mining Contractors' pension scheme have interests in 36,224,043 ordinary (22.15 per cent).

W. H. Smith and Son (Holdings)—Lord Hambleden, director, as a trustee disposed of 7,250 "B" Ordinary, holds now 285,000 Ordinary (0.42 per cent).

Harvey and Thompson—Bolton House Investments has sold 200,000 Ordinary.

Glasgow Pavillion—Mr James Glasgow's associated companies hold a total of 307,738 shares (25.623).

Trusthouse Forte — Mr E. Hartwell, director, transferred 45,000 ordinary.

MINING NEWS

U.S. power company files uranium anti-trust suit

BY GEORGE MILLING-STANLEY

LONDON'S Rio Tinto-Zinc and two of its subsidiaries have been named in a summons by a U.S. power company, alleging antitrust activities in the supply of uranium.

The Washington Public Power Supply System (WPPSS) has served a summons and complaint against RTZ, RTZ Services, Rio Algom and several other companies in the U.S. District Court for the western district of Washington. WPPSS is a municipal corporation supplying power in the state of Washington.

Rio Algom said yesterday that the complaint alleges that "the defendants and their co-conspirators have combined, conspired and contracted together to, among other things, restrain trade and commerce in the mining, milling and sale of uranium" within the U.S. and abroad.

The complaint claims that the defendants' actions are in violation of Section 1 of the Sherman Antitrust Act.

In addition, WPPSS is seeking the termination of a uranium supply contract with one of the named defendants, and damages of an unstated amount against all the defendants.

Apart from the RTZ group companies, the concerns named in the complaint are understood to be Western Nuclear, Phelps Dodge, Gulf Oil, Gulf Minerals Canada, Kerr McGee, United Nuclear, Homestake Mining and Getty Oil. Western Nuclear is believed to be the company with which WPPSS wants to end its supply contract.

Rio Algom, which produces uranium in Canada, is owned as to 52.7 per cent by RTZ. The Canadian company said yesterday that it "denies the allegation as being unfounded, and intends to defend the lawsuit vigorously."

Several of the companies named in the complaint from WPPSS were also involved in earlier antitrust litigation. These other U.S. utility, the Tennessee Valley Authority, and Westinghouse Electric, a leading manufacturer of nuclear power plants, alleged that a large group of U.S. and foreign producers of uranium conspired to operate a cartel.

The various lawsuits were settled out of court last year.

Tin production in December

SOME GOOD tin concentrate output figures are announced for December from the Eastern tin producers.

Following the setback caused by the temporary closedown of the dredge, Tongkah Harbour has made up some lost ground and the total for the first six months of the current financial year comes out at 198 tonnes against 212 tonnes a year ago.

Berjuntai's better December output makes an eight-month total of 2,451 tonnes against 2,273 tonnes while the enlarged Malaysia Mining Corporation (formerly Malayan Tin Dredging) has produced 4,196 tonnes over the past six months.

Sungei Besi did better last month but the cumulative total for nine months is still well down at 863 tonnes against 1,052 tonnes a year ago. On the other hand, Ayer Hitam did less well in December but its six-month total is still ahead at 920 tonnes against 724 tonnes.

	Dec tonnes	Nov tonnes	Oct tonnes
Aokam	123	77	109
Ayer Hitam	135	150	133
Berjuntai	338	312	277
Kuala Kampar	8	14	12
MMC	747	694	742
Sungei Besi	90	63	61
Tongkah Harb.	31	8	34
Tronoh Mines	48	45	59

Gopeng did well in December and its three-month total amounts to 438 tonnes against 387½ tonnes.

	Dec tonnes	Nov tonnes	Oct tonnes	Sept tonnes
Gopeng	157¼	141½	139¼	148¾
Mambang	57½	55	42¼	38¼
Tanjong	12	20¼	17¼	18
Pengkalen	7½	6	5	7½

Finally, Cornwall's Geevor is pressing on gamely and has produced 945 tonnes of black tin in the past nine months to end-December compared with 853 tonnes in the same period of 1980.

Cleveland Potash faces shutdown

A THREE-WEEK shutdown, starting tomorrow, is planned for Britain's only potash mine, the long-struggling Boulby operation in Yorkshire of Cleveland Potash which is now jointly-owned by Anglo American Corporation of South Africa and London's Charter Consolidated.

The threatened UK rail strike is regarded as the "final straw" for Boulby by Mr Frank Chilton, the mine's general manager. In a letter to the 850 employees he points to the depressed market for potash which has been hit by imports from East Germany.

This has resulted in potash stocks rising to 127,000 tonnes at 12 locations around the UK, a level which puts the mine "in real danger of grinding to a halt." "In addition there are restrictions as to the amount of material that may be moved (from Boulby) by road and rail movements have been hampered by the bad weather."

The employees at Boulby will be paid 80 per cent of their basic wage during the shutdown and the mine will resume production on February 3.

Charter has long since written off the value of its stake in Cleveland and has been relieved of any further responsibility with provision having been made for costs arising in the event of a final closure of the mine.

COAL PROJECT IN INDONESIA

The Indonesian Government is to put up U.S.$251.7m (£132m) of the $1.36bn cost of a 3m tonnes a year coal project at Bukit Asam in southern Sumatra, with the remainder coming from international aid agencies. The World Bank has already announced that it will lend the project $185m.

The coal produced will be used to fuel a power generating plant at Suralaya, western Java.

Jordan hopes to develop copper mine

THE Jordan Natural Resources Authority has been in touch with international consultants about organising a detailed technical and economic feasibility study on the establishment of a pilot plant to exploit known copper reserves in Wadi Arabs, reports Rami G. Khouri from Amman.

The deposits, at the southern tip of the country near the Red Sea port of Aqaba, are believed to contain about 5m tonnes of copper ore. The government plans to build a pilot plant producing 3,000 tonnes of copper a year.

The estimated cost of the project, to be implemented during the current five-year plan, is around U.S.$25m (£13m). Much of the financing is expected to come in the form of international loans.

U.S. oilmen to visit Israel

AMERICAN oil experts are to visit Israel at the end of this month to start negotiations on exploration rights, according to Mr Y. Meridor, Minister for Economic Co-ordination.

Mr Meridor said that a U.S. company specialising in secondary recovery techniques believes that half of the 300 dry wells drilled in Israel could yield gas.

In addition, the company may embark on a programme of new drilling, with investment planned at $150m (£79m) over three years, if it can reach agreement with the government.

Local oil experts are dubious about the likelihood of all this coming to fruition and also about Mr Meridor's claim that Israel is working on a process which would sharply reduce the country's reliance on imported oil.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment | Albany Fund Management Limited | Allen Harvey & Ross Inv. Mgt. (C.I.) | Alliance International Dollar Reserves | Arbuthnot Securities (C.I.) Ltd. | B.I.A. Bond Investments AG | Bank of America International S.A. | Barbican Managers (Jersey) Ltd. | Barclays Unicorn International | Bishopsgate Commodity Ser. Ltd. | Bridge Management Ltd. | Britannia Intl. Investment Mngmt. Ltd. | Brown Shipley Tst. Co. (Jersey) Ltd. | Butterfield Management Co. Ltd. | CAL Investments (IoM) Ltd. | Capital Asset Managers Ltd. | Capital International Fund S.A. | Central Assets Management Ltd. | Charterhouse Japhet | Clariden Commodities (Isle of Man) Ltd. | Cornhill Ins. (Guernsey) Ltd. | Cortexa International | Craigmount Fixed Int. Mngrs. (Jersey) | DWS Deutsche Ges. F. Wertpapiersp | Delta Group | Deutscher Investment-Trust | Dreyfus Intercontinental Inv. Fd. | Duncan Lawrie Inv. Mgt. Ltd. | Emson & Dudley Tst. Mgt. Jrsy. Ltd. | The English Association | Eurobond Holdings N.V.

S.G. Europe Obligations S.A. | Eurotax Investments Ltd. | F & C Mgmt. Ltd. Inv. Advisers | Fidelity International Ltd. | Fleming Japan Fund S.A. | Frankfurt Trust Investment—GmbH | Free World Fund Ltd. | G. T. Management (U.K.) Ltd. | Gartmore Invest. Ltd. Ldn. Agts. | Gartmore Fund Managers (IoM) (a) | Assicurazioni GENERALI S.p.A. | Granville Management Limited | Guinness Mahon Fd. Mgrs. (Guernsey) | Hambro Pacific Fund Mgmt. Ltd. | Hambros Fd. Mgrs. (C.I.) Ltd. | Henderson Admin. (Guernsey) Ltd. | Henderson Baring Group | Hill-Samuel & Co. (Guernsey) Ltd. | Hill Samuel Investment Mgmt. Intnl. | I.C. Trust Managers Ltd. | IGF Management Services Inc. | N.V. Interbeher | International Bond Trust | Investment Advisors, Inc. | Invicta Investment Management | Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey) | King & Shaxson Mgrs. | Kleinwort Benson Group | Korea International Trust | The Korea Trust | Lazard Brothers & Co. (Jersey) Ltd. | Lloyds Bk. (C.I.) U/T Mgrs. | Lloyds Bank International, Geneva | Lloyds Bank International, Guernsey | M & G Group | Management International Ltd. | Midland Bank Tst. Corp. (Jersey) Ltd. | Samuel Montagu Ldn. Agents | Minerals, Oils Res. Shrs. Fd. Inc. | Murray, Johnstone (Inv. Adviser) | Nat. Westminster Jersey Fd. Mgrs. Ltd. | Negit S.A. | N.E.L. International Ltd. | Pacific Basin Fund | Phoenix International | Providence Capitol Life Ass. (C.I.) | Quest Fund Man. (Jersey) Ltd. | Rothschild Asset Management (C.I.) | Sofitor/Heinold Commodities | RBC Investment Managers Limited | Reliance Mgrs. (Guernsey) Ltd. | Richmond Life Ass. Ltd.

Save & Prosper International | Schroder Life Group | Schroder Mngt. Services (Jersey) Ltd. | J. Henry Schroder Wagg & Co. Ltd. | Schroder Unit Trust Mgrs. Int. Ltd. | Seringapatam Kemp-Gee Mngmt., Jersey | Sentry Assurance International Ltd. | Signal Life Assurance Co. Ltd. | Singer & Friedlander Ldn. Agents. | Strategic Metal Trust Mngrs. Ltd. | Stronghold Management Limited | Surinvest (Jersey) Ltd. | TSB Trust Funds (C.I.) | Tokyo Pacific Holdings N.V. | Tokyo Pacific Hldgs. (Seaboard) N.V. | Tyndall Group | M. G. Tyrrell & Co. (Jersey) Ltd. | Union-Investment-Gesellschaft mbH | Vanbrugh Fund Mgmt. Intl. Ltd. | van Cutsem & Associates Ltd. | S. G. Warburg & Co. Ltd. | Warburg Invest. Mngt. Jrsy. Ltd. | Wardley Investment Services Ltd. | World Wide Growth Management | Wren Commodity Management Ltd.

NOTES

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

The dollar was mostly firmer in currency markets yesterday, reflecting a firmer trend in Euro-dollar rates. This followed Friday's smaller than expected fall in U.S. money supply thus decreasing the scope for any sustained fall in interest rates.

Sterling was fairly weak as the market showed some nervousness ahead of possible strike action by the coal miners. However domestic interbank rates were generally firmer, reflecting a rise in Euro-dollar rates.

There was little overall change within the European Monetary System yesterday. The French franc was again the strongest currency followed by the Dutch guilder while the Belgian franc remained the weakest member, although comfortably within its divergence limit.

DOLLAR — Trade weighted index (Bank of England) rose to 108.2 from 107.3 on Friday and 110.5 six months ago. Three month Treasury bills 11.82 per cent (15.26 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month)—The dollar closed at DM2.2830 against the D-mark up from DM2.2585 on Friday and SwFr1.8535 compared with SwFr 1.8265. It was also higher against the Japanese yen at Y223.25 from Y221.35.

STERLING—Trade weighted index 91.0 against 91.2 at noon and the opening and 91.8 previous close (93.3 six months ago). Three month interbank 15¼ per cent (13½ per cent six months ago). Annual inflation 12 per cent (11.7 per cent previous month)—Sterling opened at $1.9025 against the dollar and rose to a best level of $1.9050 during the morning before falling away late in the day to a low of $1.8850. It recovered to close $1.8855-1.8875, a fall of 3.25c from Friday. It was also lower against the D-mark at DM 4.3075 from DM 4.3350 and SwFr 4.4975 from SwFr 3.5075.

D-MARK — EMS member (second weakest). Trade weighted index 122.1 against 122.6 on Friday and 116.0 six months ago. Three-month interbank 10.475 per cent (12.95 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month) — The D-mark was slightly weaker at yesterday's fixing in Frankfurt. The dollar rose to DM 2.2714 from DM 2.2605, with the Bundesbank selling a token $1.9m at the fixing. Sterling was lower at DM 4.3180 from DM 4.330 while the Swiss franc slipped to DM 1.2325 from DM 1.2366. Within the EMS, the French franc rose to DM 39.43 per FFr 100 from DM 39.385 and the Belgian franc to DM 5.877 per BFr 100 compared with DM 5.8720.

ITALIAN LIRA—EMS member (third weakest). Trade weighted index 55.5 against 55.4 on Friday and 57.1 six months ago. Annual inflation 18.2 per cent (18.6 per cent previous month — The lira showed mixed changes at yesterday's fixing in Milan. Three EMS currencies rose and three were weaker. Sterling was fixed at L2,305.25 down from L2,317.9, while the dollar rose to L1,215.8 from L1,210.05.

DUTCH GUILDER—EMS member (second strongest). Trade weighted index 114.6 against 114.9 on Friday and 107.6 six months ago. Three month interbank 10¾ per cent (12 per cent six months ago). Annual inflation 7.2 per cent (7.3 per cent previous month)—The guilder lost ground to the D-mark at yesterday's fixing in Amsterdam. The German unit was fixed at Fl 1.0964 up from Fl 1.0960 and the Belgian franc improved to Fl 6.4430 per BFr 100 from Fl 6.4350. On the other hand the French franc eased to Fl 43.2 per FFr 100 from Fl 43.21. Elsewhere sterling slipped to Fl 4.7170 from Fl 4.7480 while the dollar rose to Fl 2.4935 from Fl 2.4800.

THE POUND SPOT AND FORWARD

Jan 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8850-1.9050	1.8855-1.8875	0.35-0.25c pm	1.91	0.65-0.55 pm	1.22
Canada	2.2410-2.2610	2.2420-2.2440	0.05c pm-0.05 dis	—	0.65-0.25dis	−1.00
Nethlnd.	4.70¾-4.74¾	4.71-4.72	2¼-1¾c pm	4.77	5¾-4¾ pm	4.36
Belgium	73.10-73.60	73.20-73.30	35-55c dis	−7.37	120-150 dis	−7.37
Denmark	14.01-14.11	14.02-14.03	2¾-1¾ore pm	1.71	4¾-3¾ pm	1.18
Ireland	1.2180-1.2260	1.2215-1.2235	0.25-0.38p dis	−3.09	0.83-1.06dis	−3.12
W. Ger.	4.30-4.33	4.30¼-4.31¼	2¾-1¾pf pm	6.22	5¾-4¾ pm	4.76
Portugal	124.00-125.50	124.05-124.35	25-185c dis	−10.14	70-405 dis	−7.65
Spain	184.00-185.50	184.95-185.15	15-30c dis	−1.46	70-105 dis	−1.89
Italy	2,296-2,313	2,297¼-2,300¼	6½-12½ lire dis	−5.87	27½-31½dis	−5.11
Norway	11.00-11.11	11.03-11.07	1¾-ore pm	1.23	5¼-4 pm	1.86
France	10.50-10.56	10.52¾-10.53¾	¾-1¾c dis	−0.82	3½-4½ dis	−1.56
Sweden	10.55-10.62	10.55¾-10.56¾	2¾ore pm	0.36	5¾-2¾ pm	0.66
Japan	418-425	420¾-421¾	3.70-3.40y pm	10.11	9.15-8.65 pm	8.47
Austria	30.05-30.30	30.07-30.12	14½-gro pm	4.68	40-30 pm	4.65
Switz.	3.48-3.52	3.48¼-3.50¼	2¼-1½c pm	7.29	5¼-5¼ pm	6.43

Belgian rate is for convertible francs. Financial franc 81.25-81.35. Six-month forward dollar 0.65-0.55c pm. 12-month 0.80-0.65c pm.

THE DOLLAR SPOT AND FORWARD

Jan 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8850-1.9050	1.8855-1.8875	0.35-0.25c pm	1.91	0.65-0.55 pm	1.27
Ireland†	1.5480-1.5575	1.5480-1.5520	0.70-0.60c pm	5.03	1.80-1.55 pm	4.32
Canada	1.1889-1.1897	1.1892-1.1897	0.19-0.22c dis	−2.07	0.50-0.54dis	−1.75
Nethlnd.	2.4890-2.5000	2.4980-2.5000	0.65-0.55c pm	2.88	1.87-1.77 pm	2.91
Belgium	38.30-38.84	38.82-38.84	25-30c dis	−10.06	80-100 dis	−9.27
Denmark	7.4040-7.4360	7.4270-7.4295	2.20ore pm-0.05dis	0.12	per-5.50 dis	−0.12
W. Ger.	2.2580-2.2865	2.2825-2.2835	0.65-0.61pf pm	3.31	1.98-1.94 pm	3.44
Portugal	65.70-66.25	65.80-65.85	25-100c dis	−11.38	65-220 dis	−8.65
Spain	97.60-98.20	98.10-98.20	25-35c dis	−3.67	70-85 dis	−3.18
Italy	1,214-1,218½	1,218½-1,219¼	7¾-8¾ lire dis	−8.14	25-27 dis	−8.54
Norway	5.8310-5.8400	5.8330-5.8380	par-0.05ore dis	−0.41	0.40 pm-par	0.14
France	5.7575-5.7825	5.7935-5.7985	1.10-1.25c dis	−2.44	4.00-4.30dis	−2.87
Sweden	5.5720-5.5975	5.5910-5.5940	0.55-0.35ore pm	0.99	1.35-1.45y pm	0.76
Japan	222.25-223.50	223.20-223.30	1.53-1.43y pm	7.95	4.05-3.90 pm	7.12
Austria	15.89-15.98	15.97-15.98	5¼-4gro pm	3.47	14¼-11¾ pm	3.28
Switz.	1.8360-1.8550	1.8530-1.8540	0.94-0.84c pm	5.76	2.45-2.35 pm	5.18

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.0	−33.0
U.S. dollar	108.2	+1.8
Canadian dollar	88.7	−16.4
Austrian schilling	117.1	+24.8
Belgian franc	104.7	+7.7
Danish kroner	86.9	−10.5
Deutsche mark	166.1	+43.7
Swiss franc	151.2	+101.2
Guilder	114.6	+20.0
French franc	80.6	−14.6
Lira	55.5	−57.5
Yen	143.6	+37.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.606494	0.564856
U.S. $	12	1.16174	1.08113
Canadian $	14.74	1.37940	1.28351
Austria Sch.	6¾	18.3938	17.1331
Belgian F	14	44.7444	41.6463
Danish Kr.	11	8.57190	7.98505
D mark	7½	2.62851	2.44605
Guilder	9	2.89113	2.69111
French Fr.	9½	6.65839	6.20404
Lira	19	1405.71	1308.43
Yen	5½	257.216	239.794
Norwgn. Kr.	9	6.77004	6.29755
Spanish Pta.	8	113.153	105.339
Swedish Kr.	11	6.45347	6.00781
Swiss Fr.	6	2.14232	1.99368
Greek Dr'ch.	20½	—	63.5963

OTHER CURRENCIES

Jan. 11	£	$		Note Rates
Argentina Peso	16,032-18,050†	2,500-9,550†	Austria	30.05-30.35
Australia Dollar	1.6860-1.6880	0.8925-0.8930	Belgium	81.60-82.50
Brazil Cruzeiro	245.17-246.17	129.38-130.35	Denmark	14.02-14.14
Finland Markka	8.664-8.683	4.5850-4.5870	France	10.90-11.00
Greek Drachma	108.870-111.897	58.10-58.30	Germany	4.29¼-4.33¼
Hong Kong Dollar	10.86¼-10.89¾	5.7575-5.7825	Italy	2345-2380
Iran Rial	151.50*	78.70*	Japan	422-437
Kuwait Dinar (KD)	0.536-0.541	0.2824-0.2826	Netherlands	4.70⅛-4.74⅛
Luxembourg Fr.	73.20-73.30	38.82-38.84	Norway	11.02-11.12
Malaysia Dollar	4.2375-4.2475	2.2420-2.2440	Portugal	124½-135
New Zealand Dlr.	2.3070-2.3110	1.2210-1.2280	Spain	184¼-193¾
Saudi Arab. Riyal	6.48-6.54	3.4200-3.4220	Sweden	10.57-10.67
Singapore Dollar	3.87-3.88	2.0470-2.0490	Switzerland	3.48¼-3.52¼
Sth. African Rand	1.8165-1.8185	0.9650-0.9640	United States	1.88½-1.90½
U.A.E. Dirhem	6.96-7.02	3.6720-3.6740	Yugoslavia	68-93

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.8056	+2.08	+1.21	±1.5368
Danish Krone	7.91117	7.97837	+0.82	−0.05	±1.6412
German D-Mark	2.40989	2.44432	+1.43	+0.56	±1.1077
French Franc	6.17443	6.19866	+0.39	−0.48	±1.3733
Dutch Guilder	2.66382	2.67880	+0.55	−0.32	±1.5063
Irish Punt	0.684452	0.691770	+1.07	+0.20	±1.6688
Italian Lira	1300.67	1307.06	+0.49	+0.42	±4.1228

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 11 ... 0.567105

EXCHANGE CROSS RATES

Jan. 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.887	4.308	421.3	10.23	3.498	4.715	2300.	2.243	73.26
U.S. Dollar	0.530	1.	2.283	223.3	5.794	1.854	2.499	1219.	1.189	38.83
Deutschemark	0.232	0.438	1.	27.72	2.537	0.812	1.095	533.8	0.521	17.01
Japanese Yen 1,000	2.374	4.478	10.23	1000.	26.25	8.303	11.12	5459.	5.325	173.2
French Franc 10	0.815	1.726	3.941	385.4	10.	3.200	4.314	2104.	2.052	27.02
Swiss Franc	0.286	0.539	1.232	120.4	3.165	1.	1.348	657.5	0.641	20.94
Dutch Guilder	0.212	0.400	0.214	89.34	2.318	0.748	1.	487.7	0.476	15.54
Italian Lira 1,000	0.435	0.820	1.873	183.2	4.753	1.581	2.050	1000.	0.975	31.85
Canadian Dollar	0.446	0.841	1.980	187.8	4.873	1.559	2.102	1025.	1.	32.66
Belgian Franc 100	1.365	2.575	5.881	675.1	14.92	4.775	6.437	3139.	3.062	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 5/8	offer 13 3/4	bid 14 9/16	offer 14 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¾-15	12½-12¾	13-14	10⅛-10⅜	3½-4	9⅞-9⅞	15-15½	17-12	13-17½	5-5¼
7 days' notice	14¾-15	12⅝-12⅞	13-14	10⅛-10½	3¾-4¼	10-10⅛	15-15⅛	18-20	15¼-22¼	5⅝-5½
Month	15⅛-15¼	13⅛-13⅝	14¾-15⅛	10⅜-10⅝	8⅛-8¼	10¼-10⅜	15⅛-15⅝	19⅛-20⅛	20¼-23½	6⅛-6¼
Three months	15⅛-15⅜	13⅞-14⅛	15⅛-15⅛	10⅝-10⅞	8⅝-8¾	10⅝-10⅞	18¼-18¾	21¾-22¾	21⅝-22¾	6⅛-6⅜
Six months	15⅝-15¾	14¾-15	16-16⅛	10⅞-10⅞	8⅛-8⅛	10⅝-10⅞	17¾-18¼	22¾-23¾	21⅞-23¼	6⅛-6⅜
One Year	15½-15½	14⅞-15⅛	16-16⅛	10⅞-10⅞	7⅞-8	10¼-10⅝	18¼-18¾	22¾-23¾	18⅞-20⅞	5⅝-6⅛

SDR linked deposits: one month 12-12⅛ per cent; three months 12⅞-12⅞ per cent; six months 13⅛-13⅜ per cent; one year 13⅛-13⅜ per cent.
ECU linked deposits: one month 13¾-14 per cent; three months 14⅛-14⅛ per cent; six months 14⅞-14⅞ per cent; one year 14⅞-14⅞ per cent.
Asian $ (closing rates in Singapore): one month 13⅛-13⅜ per cent; three months 13⅜-13⅜ per cent; six months 14⅝-14⅞ per cent; one year 14⅛-14¼ per cent. Long-term Eurodollar two years 15¼-15½ per cent; three years 15⅜-15⅝ per cent; four years 15⅜-15⅝ per cent; five years 15½-15⅝ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 13.10-13.20 per cent; three months 13.40-13.50 per cent; six months 14.30-14.40 per cent; one year 14.30-15.50.

MONEY MARKETS

London rates firm

London clearing bank base lending rates 14½ per cent (since December 4)

Firmer U.S. interest rates influenced London money market rates yesterday, with the various interbank periods rising by ⅛ to ¼ per cent as Eurodollar levels increased by similar amounts.

Day-to-day credit was in very short supply in London, although the Bank of England amended its forecast down from £550m in the morning to £450m at noon. The main factors were: bills maturing in official hands and a net market take-up of Treasury bills −£315m; Exchequer transactions −£170m; and bank balances below target −£150m; partly offset by a fall in the note circulation +80m.

Assistance provided by the Bank of England totalled £534m, given in groups of £429m in the morning and £105m in the afternoon. Before lunch the authorities bought £38m bank bills in band 1 (up to 14 days maturity) at 14⅞ per cent; £224m bank bills in band 2 (15-33 days maturity) at 14¾ per cent; £10m Treasury bills in band 4 (64-91 days maturity) at 14¼ per cent: £3m local authority bills in band 4 at 14¼ per cent: and £153m bank bills in band 4 at 14⅛-14¼ per cent.

In the afternoon the Bank of England completed the help by purchasing £11m local authority bills in band 1 at 14⅞ per cent; and £78m bank bills in band 2 at 14⅞ per cent.

In the interbank market overnight loans opened at 14⅞-15 per cent and fell to 14-14¼ per cent following the morning help and revised forecast from the Bank of England. Shortly before the close rates fell to a low of 13-13½ per cent, but then rose sharply to close within a range of 16 to 20 per cent.

Seven-day funds rose to 14¾-15⅛ per cent from 14⅝-14¾ per cent, and three-month to 15⅛-15¼ per cent from 15-15⅛ per cent.

In Frankfurt call money is expected to firm slightly today on the expiry of a securities repurchase agreement with the Bundesbank worth DM3.4bn. Two agreements still running continue to give liquidity assistance of over DM 12bn, however, and conditions should remain fairly comfortable, with call money slightly below the current special Lombard rate of 10.5 per cent. Call funds fell below 10 per cent on Friday, rising to around 10.10 per cent yesterday. The recent liquid state of the market allowed banks to reduce their special Lombard debt to DM 600m on Friday from DM 1.1bn on Wednesday.

GOLD

Sharp fall

Gold fell to its lowest level since November 1979 in the London bullion market yesterday, closing at $388½-389½, a fall of $11½ from Friday's close in London. Trading was very busy with a low point of $386 touched just before the entry of New York into the market. The metal then showed a modest recovery but still finished well below the day's best level of $395.

In Paris the 12½ kilo bar was fixed at FFr 73,500 per kilo ($396.23 per ounce) in the afternoon compared with FFr 74,000 ($399.52) in the morning and FFr 75,000 ($406.40) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,765 per kilo ($394.02 per ounce) against DM 29,080 ($400.27) previously and closed at $388-389 from $400-401.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $392.50.

	Jan. 11		Jan. 8	
Gold Bullion (fine ounce)				
Close	$388½-389½	[illegible]	$400-401	[illegible]
Opening	$393½-394½	[illegible]	$397¼-398¼	[illegible]
Morning fixing	$392	[illegible]	$397.75	[illegible]
Afternoon fixing	$388.25	[illegible]	$400.25	[illegible]
Gold Coins				
Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
½ Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
¼ Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
King Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
Victoria Sovs.	[illegible]	[illegible]	[illegible]	[illegible]
French 20s	[illegible]	[illegible]	[illegible]	[illegible]
50 pesos Mexico	[illegible]	[illegible]	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Jan. 11 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-20	14⅞-16	—	—	14¼-15¼	13⅛-14⅛	—	—	—
2 days notice	—	—	14¾-14⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¾-15⅛	14⅞	—	—	—	—	—	—	—
One month	15¼-15⅛	16⅛-15¼	15	16¼-16	—	15¼-15¾	14¼-14⅛	—	—	—
Two months	15⅜-15⅜	15¼-15⅛	—	16¼-16	15⅛	15⅛	14⅞	14⅛-14⅛	14⅛-14⅞	15⅛
Three months	18½-15⅝	15⅛-15⅝	15⅜	16⅛-15¾	15⅝	15⅝	14⅛	14⅛-14⅛	14⅞	15⅛
Six months	15⅛-15⅝	15⅞-15⅝	15⅝	15⅛-14⅞	15⅞	15⅞	14⅛	14⅞-14⅝	14⅝	15⅛
Nine months	15⅛-15⅞	15⅝-15⅞	—	15¾-15⅛	15⅞	—	—	—	14⅛-14⅞	15
One year	15⅛-18⅞	15¼-15⅞	15¼	15⅛-15¼	15⅞	—	—	—	—	—
Two years	—	—	15¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15⅝ per cent; five years 15½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 14⅞-14⅞ per cent; four month trade bills 15½ per cent.

Approximate selling rate for one month Treasury bills 14⅛-14⅛ per cent; two months 14⅛-14½ per cent; three months 14⅞-14½ per cent. Approximate selling rate for one month bank bills 14⅞-14⅞ per cent; two months 14⅞-14⅞ per cent; and three months 14½ per cent; one month trade bills 15⅛ per cent; two months 15½ per cent; three months 15¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12⅞-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.5701 per cent.

MONEY RATES

NEW YORK	
Prime rate	15¾
Fed. funds	12¾-12⅞
Treasury bills (13-week)	11.72
Treasury bills (26-week)	12.68
GERMANY	
Special Lombard	10.50
Overnight rate	10.10
One month	10.575
Three months	10.575
Six months	10.40
FRANCE	
Intervention rate	14.75
Overnight rate	15.375
One month	15.125
Three months	15.125
Six months	15.125
JAPAN	
Discount rate	5.50
Call (unconditional)	6.4375
Bill discount (three-month)	6.53125

Austrian bond issue first in DM 1.13bn calendar

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WEST GERMAN banks agreed yesterday to launch DM 1.13bn of new foreign bonds in the next four weeks, maintaining the high level of issuing activity set over the past month when bonds totalling DM 1.25bn were brought to the market.

First off the mark in the current period was the Republic of Austria which is raising DM 150m in a two-tranche, 9¾ per cent private placement through Bayerische Vereinsbank. The bonds will be sold at maturities of five and seven years with issue prices of 100½ and par respectively.

Seven other issues were agreed by the West German Capital Markets Sub-committee, an informal group of banks which meets monthly to set a calendar of new issues.

The Austrian placement will be followed by a DM 50m issue for Swedish Export Credit through Bayerische Landesbank. Then comes a DM 250m issue for the European Investment Bank, through Deutsche Bank, DM 150m for Pemex, the Mexican state oil company, through Commerzbank, DM 125m for the Council of Europe through BHF Bank, DM 150m for Quebec through Commerzbank, DM 200m for Philip Morris, the U.S. tobacco group, through Dresdner and DM 50m for the Austrian Tauernautobahn through WestLB.

The committee will meet again on February 8 to discuss February's calendar. In the meantime, market participants said yesterday they were confident this month's offering should be fairly easily absorbed.

Prospects of a rising D-Mark on the foreign exchanges has buoyed up the German bond market in recent weeks, although trading yesterday was fairly quiet with prices marginally lower.

In the dollar sector, fixed rate issues were again weak in lacklustre trading. The main impetus came from New York, where the bond market showed significant declines, but with maximum price falls in the Euromarket confined to about ½ point, arbitrage opportunities continue to emerge between the two markets.

By contrast a confident tone was reported from Switzerland, where the annual rate of inflation has now fallen to 6.6 per cent. Foreign bonds rose by around ½ point and a new issue was announced for the European Investment Bank.

The bank is raising SwFr 100m through a 10-year issue with an indicated yield of 7½ per cent led by Swiss Bank Corporation. Simultaneously UBS is arranging a SwFr 300m six-year, 7¾ per cent private placement for the World Bank.

In the Kuwaiti dinar market, Charbonnages de France is arranging a KD 7m seven-year 11¼ per cent bond. Issue price will be set next week by lead managers Kuwait Foreign Trading Contracting and Investment Company and Credit Lyonnais.

MGM Grand plans stock swap

BY OUR FINANCIAL STAFF

MGM GRAND HOTELS plans to exchange nearly one third of its common stock for a new issue of redeemable preferred stock. For each share of common, up to a maximum of 10m, one share of the new preferred stock will be offered. MGM Grand, operator of two major hotel/casinos, has 32.5m shares in issue.

If more than 10m common are tendered, exchange will be made pro rata, the board said.

The preferred stock will be entitled to cash dividends equal to 44 cents a share, equal to the present dividend paid on the common stock, and will be redeemable on an annual basis at $20 a share. The common stock stood at $7⅞ last week.

MGM Grand said it would be obliged to devote at least 75 per cent, and at most, 90 per cent of its net profits after payment of any dividend for the redemption of the preferred.

This obligation, beginning with the current fiscal year, ending August 31, was subject to credit for any shares of preferred purchased by MGM Grand in the market or otherwise.

Mr Kirk Kerkorian, who owns about 50 per cent of MGM Grand's stock, has informed the company he intends to participate in the proposed exchange and will tender at least 5m common shares.

The directors of MGM Grand commented that the participation by Mr Kerkorian would not affect his position of control of MGM Grand's outstanding common stock.

The offer is subject to authorisation by shareholders for the new preferred and undisclosed additional financial commitments.

Meanwhile, a denial was issued by Mr Frank Rosenfelt, chairman of MGM Film, which incorporates the film side of the former MGM group, of rumours that Mr Kerkorian may be planning to sell his 50 per cent stake in the film company. "Nothing could be further from the truth," Mr Rosenfelt told the annual meeting.

Mr Kerkorian rendered key financial support in MGM Film's $380m purchase of United Artists last July and also for the company's current heavy film-production schedule.

Swiss banks seek co-operation with SEC

By John Wicks in Zurich

SWISS BANKS are to look for ways to prevent their implication in insider deals on the American stock market. According to the Swiss Bankers' Association, they are prepared to co-operate with the U.S. authorities to guard against being "mis-used" to contravene rules laid down by the Securities and Exchange Commission (SEC).

In Switzerland itself, there are no explicit laws forbidding insider transactions. While the bankers' association claims there has hitherto been "no real need" for these, it says steps are now being taken which could empower stock exchanges to create rules aimed at banning insider manoeuvres.

The association says that Swiss banks acting as intermediaries for U.S. securities deals are keen not to be used as tools in insider operations. The question has "suddenly become rather topical" with the recent SEC investigations involving Swiss banks.

This is a reference to the New York court case concerning the alleged role of the Lugano-based Banca della Svizzera Italiana in a deal in shares of takeover candidate St Joe Minerals, as well as the naming of several other Swiss banks in connection with the controversy surrounding the Santa Fe acquisition.

The association says the banks in question had collaborated in investigations to the extent permitted by Swiss law. They had, however, been put in a "difficult legal position" by U.S. demands for disclosure of client lists in specific stock market orders. Despite this, the banks were in favour of finding "a sensible solution."

Itel wins agreement on debt plan

By Our Financial Staff

ITEL CORPORATION, the former computer leasing company, has reached agreement in principal with its unsecured creditors on the major parts of the reorganisation plan it has worked out for its debts.

The company has also received its fifth 60-day extension of the deadline for filing the plan with the bankruptcy court.

Itel said it had been told that the plan would be recommended to the institutional voting members of the unsecured creditors' committee.

Under the plan the creditors will pay a substantial amount of cash to its creditors and issue several new classes of shares. Unsecured creditors would also receive more than 75 per cent of the common shares of the reorganised company.

Itel filed for protection under the U.S. bankruptcy laws 12 months ago after failing to work out a restructuring programme for its $800m of bank and institutional debt.

Its total debts were $1.3bn, the servicing charges of which were a major drain as Itel fought for survival after the collapse of its computer leasing business as a result of technological changes introduced by International Business Machines in 1979.

In 1979 it incurred a net loss of $433.3m although in 1980 this was cut to $62.1m, the company since has been operating profitably as a lessor of equipment other than computers, and for the first nine months of last year it was $10.8m in the black compared with the $54.3m loss in 1980.

National Steel profit down

By Our Financial Staff

NATIONAL STEEL, fifth largest of the U.S. steelmakers, achieved a "modest profit" in the final quarter of fiscal 1981, a sharp setback from the $15.3m, or 82 cents a share, earned in the comparable period.

Financial services and aluminium operations made modest contributions to 1981 fourth-quarter earnings, offsetting losses from steel operations.

Earnings in the first nine months of 1981 were $69.3m, or $3.70 a share, on revenue of $3.24bn and stock market analysts believe that earnings for the year reached the $4-a-share range.

National had net income of $83.8m, or $4.42 a share, in 1980—a severely depressed year for the domestic steel industry—but the sale of coal eserves accounted for $81.5m of that total.

National Steel is generally oriented towards the motor and consumer-related industries and was hoping to see some improvement, although these hopes were dashed by the rapid setback in the U.S. economy as the year progressed.

International Harvester in new plan to raise cash

BY OUR FINANCIAL STAFF

INTERNATIONAL Harvester, number two in the world list of farm equipment manufacturers, has plans to streamline its management and administrative organisation in fiscal 1982 which are expected to save the company $200m. The board of IH also said that it intended to raise more than $100m in cash through divestitures in 1982.

Earlier, IH said it expects to return to profitability in the second or third quarter of 1982, but would incur "a very substantial loss" in the first quarter ending January 31.

The company, which sells 35 per cent of its output overseas, plans to cut its worldwide workforce of salaried employees by 25 per cent, to 20,000, by the end of fiscal 1982 and to continue its general salary freeze, which began in 1981, throughout the current year.

Other plans to turn the company around include the consolidation of operations around its core businesses and its manufacturing operation into fewer, but more highly productive, plants.

The board also said it would reduce its physical volume of raw materials, work-in-process and finished goods inventories by 12 per cent and would dispose of assets not needed in the core businesses.

At the end of last year, Harvester, which incurred a loss of $397m in fiscal 1981, agreed with its major bankers on a restructuring of its crippling $4.1bn debt load. Negotiations on the debt burden had continued throughout last year and were crucial to the company's hopes of stability.

In the past few years IH has been badly hit by the collapse of the market for expensive capital equipment investment by corporations and by the high rates of interest in the U.S.

Higher profit at Teledyne

BY OUR FINANCIAL STAFF

TELEDYNE, TH Engineering and electronics group which is a major shareholder in International Harvester, reports a sharp rise in profits for 1981.

Net earnings have risen from $344m to $412m on sales a tenth higher at $3.23bn. At the per share level, earnings were 31 per cent ahead at $19.96.

The performance takes in a slowdown in profit growth rates in the final quarter, however.

Net earnings per share rose by 36 per cent on average in the first three quarterly periods, but by the final three months growth had slackened to 15 per cent.

Teledyne plans to step up its shareholding in International Harvester from just under 12 per cent to 15 per cent. Eventually it hopes to acquire up to a quarter of the troubled truck and farm machinery maker.

Fiat sells U.S. credit unit stake

By Rupert Cornwell in Rome

FIAT, holding company of the Italian motor group, has sold its 50 per cent stake in Fiat Credit Corporation (FCC) of the U.S. to Deutsche Bank, which with Fiat set up the company three years ago to help finance Fiat group sales in the U.S. market.

The German partner will therefore be assuming 100 per cent control of a concern which has annual business of $300m, and which has been consistently profitable. No details of the terms of the acquisition by Deutsche Bank were given.

Fiat said that the sale of its interest in FCC had been made necessary by possible conflicts with Federal Reserve Board policy over joint ventures between banks and industrial groups.

The company, however, plans to continue to develop financing links with the Fiat group in North America. Conditional upon Federal approval, it intends to expand into other financial services and leasing activities.

The number two U.S. air freight concern is fighting back. Carolyn Hyde reports

Emery air cargo group sees red

MR JOHN EMERY, chairman of Emery Worldwide, the second largest U.S. air cargo company, has taken to wearing red ties.

The change is more than superficial, signifying a decision by Mr Emery to halt the erosion of the market share held by the company, which was founded by his father and was previously known as Emery Air Freight.

In formulating his new strategy Mr Emery brought in consultants who told him the blue and white insignia of the old Emery signified large and rigid while red meant change and drama. As a result Mr Emery has repainted his airplanes and is wearing a new tie and is making serious changes to a business founded in 1946 with $250,000.

Since its inception the company has doubled its revenue every five years and last year will have taken about $500m.

In the old days, the business was divided between Dayton, Ohio, for large cargo—known in the trade as "ugly freight"—and Tennessee for small packages and envelopes. At that time the business was dependent on passenger airlines' freighter services.

Over the years Emery's supremacy has been challenged, with newcomer Federal Express now the industry leader. Federal Express has only domestic business but its aggressive marketing and good service reputation together with its own fleet of aircraft have allowed it to lift its cargo movements from 18 packages on its first flight in 1973 to 110,000.

Another major factor in the business is Airborne Freight, which is roughly half the size of Emery but is the only other member of the big four to have international operations.

United Parcel Service (UPS) —a Purolator subsidiary—runs an overland, two-day service generating annual revenues of about $4bn, but it is about enter the overnight air freight market. UBS has leased nine Boeing 727s from Braniff International and is expected to challenge Emery and Federal in the market for parcels under 70 lb, the only sector in which Federal operates.

United Air Lines, the largest domestic carrier, has also announced plans to operate a service for small parcels, and Burlington Northern, the railway group, is starting an air cargo service for the under 70 lb market.

Facing these existing and potential threats, Emery has taken a long look at its business. Mr Emery admits that his company was losing touch with the market and no longer had the efficiency to maintain good customer relations.

In looking at its business Emery broke operations down into area, weight, use and size of account. The company bought 24 new Boeing 727s with wide doors for large cargo, taking the fleet up to 64 airplanes

As a result Emery, can now service 120 cities overnight and is no longer dependent on the scheduled freighters.

Emery discovered that 90 per cent of its business was east of the Mississippi River, so the company closed its Tennessee plant and expanded to a "superhub" in Dayton, thereby reducing overhead and labour costs.

The main thrust of the new Emery is speed. To this end it has updated its computerised tracing and tracking system. With the new system a package can be traced with only the company name, origin and destination.

All this activity was financed by Emery Worldwide's first major move into debt. Of the $100m raised, half came from bonds, with banks putting up the rest.

With Emery so determined to fight back and its current and future rivals in an expansionist mood, margins in the industry are sure to continue under pressure, at least as long as demand is weakened by recession. But the pace of change must mean that Emery has seen red not a moment too soon.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on January 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						
DEUTSCHE MARK STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						
SWISS FRANC STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						
YEN STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						
OTHER STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Swedish bank sets trading targets

By William Dullforce Nordic Editor, in Stockholm

TRADING in bonds and an attempt to stimulate the secondary market in bank certificates (certificates of deposit) will be among the initial targets for Carnegie-Montagu, Sweden's first merchant banking venture, according to its chairman, Mr Staffan Gadd.

Mr Gadd is chief executive of Samuel Montagu, the London merchant bank which has subscribed 45 per cent of the stock in Carnegie-Montagu. Of the Swedish partners, the Carnegie investment company holds 45 per cent and the Skandia insurance company the remaining 10 per cent.

Agreement to establish the new venture was signed on Sunday. Yesterday the board confirmed the appointment of Mr Krister Wallin as Carnegie-Montague's first managing director.

Mr Wallin, at present finance director of ASEA, the Swedish heavy electrical group, has worked for the Swedish Investment Bank and is experienced in both international and Swedish domestic banking.

Mr Gadd described the inclusion of Skandia as important. The Swedish insurer was very active in London, New York and Tokyo and would be a fruitful link for both Carnegie-Montagu and Samuel Montagu itself.

Carnegie-Montagu will start a portfolio management business as another "bread and butter" operation alongside its trading in bonds and bank certificates.

Takeovers calling for the advice of a merchant bank are not too frequent in Sweden, but Mr Gadd emphasised the lack in Sweden of independent, neutral consultants for companies which run into financial trouble. The Swedish banks usually have claims to protect.

Carnegie-Montagu will not be able to call itself a merchant bank, for which there is no term in Swedish, and it will have to work under current Swedish regulations for finance companies.

Capitalisation is SKr 33m ($6m), of which SKr 22m is share capital. Carnegie-Montagu hopes to be fully operative "in a few months" after obtaining official sanctions. It expects to build up a staff of 10 to 15 in the first year.

Other Swedish finance houses are reported to be looking for foreign partners, British or American, to follow Carnegie-Montagu's example. Mr Gadd said it would be "all to the good" if more players entered Swedish secondary markets and helped to accustom people to the concept of merchant banking.

Mr Gadd, a Swede, underlined the need for long recognised by Swedish companies, banks and the Riksbank (central bank) for a broadening of the Swedish bond market and the establishment of functioning secondary markets.

Swedish bankers see Samuel Montagu's Swedish venture as also preparing for the entry into Swedish banking of its parent, Midland Bank of the UK, once the barriers for foreign banking operations are lifted. A commission appointed by the Government is studying the matter.

Dutch bank sees growth

By Charles Batchelor in Amsterdam

GROSS PROFITS of Algemene Bank Nederland (ABN) rose strongly last year but increased debt provisions meant the growth at net level was smaller. The net result continued the trend of recent years to show a fairly gradual growth of profits, said Mr P. J. Kalff, a member of the managing board.

Foreign business contributed sharply higher profits and turnover while growth in the Netherlands was more gradual. ABN opened five new foreign offices last year and offices already established improved their results significantly.

The further increase in debt provisions follows the doubling of these provisions in 1980 to Fl 300m ($121m). In 1980 profits rose by 13 per cent to Fl 309m on a balance sheet which increased by 25 per cent to Fl 109bn.

France blocks Thomson's U.S. computer venture

BY TERRY DODSWORTH IN PARIS

THE French Industry Ministry has vetoed a Franco-American computer co-operation deal as the first of several intervention moves aimed at developing France's own electronics industry.

The Ministry's decision puts an end to plans for a link between SEMS, a subsidiary of the Thomson electrical group, and Systems Engineering Laboratories of Florida. Talks between the two companies began last summer, leading to an outline agreement for the French group to manufacture SEL's range of sophisticated mini-computers under licence.

As an alternative to this arrangement, Thomson has been told by the Government to open talks with CII Honeywell Bull, France's leading computer group, on the development of common components.

The significance of this Industry Ministry dictat is that it marks the beginning of a new attempt to find a French solution to weakness of the domestic computer industry. Both Thomson and CII are to become vehicles for French expansion in this sector following their nationalisation within the next few weeks.

One of the fundamental ideas of this development is that it should ensure greater independence from U.S. technology, giving a degree of French mastery over the whole of the manufacturing process for computers, from chip production to the finished articles. Thus a number of further reorganisations and collaboration agreements involving other small computer companies can be expected as the new policy begins to be put into operation.

The biggest question mark over this restructuring is posed by CII, which moved into heavy losses last year after a brief period of profits in the wake of the last Government's support scheme.

CII will need more aid if it is to survive in its present form and develop new products—a problem that will become even more acute if Honeywell Information Systems, the U.S. group which holds a 47 per cent stake in CII, is persuaded to reduce its participation in line with the Government's nationalisation plans.

Under CII's present structure, it would have been able to lean on Saint Gobain, its leading shareholder, for this financial help. But the Government is now considering a project to divorce the computer company from Saint Gobain and refinance it as an independent business in which HIS may hold a much-reduced minority stake.

The Ministry has made it clear that this planned reorganisation of CII, although probably involving some collaboration with Thomson, will not mean a merger.

While CII is firmly embedded in the medium-size computer market, Thomson's role will be in the smaller computer industry, where France has a cluster of moderately-sized companies. These companies, which include the recently-rescued Logabax, received substantial aids from the last Government. But the relative weakness of the industry is demonstrated by a decision of the new Government to earmark a further FFr 600m ($105m) of assistance for the sector.

Weak sales hit German retailers

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S leading department store groups have been hit hard by the depressed state of retail sales.

Kaufhof, the country's second largest department stores group, said yesterday that group turnover fell by 1.7 per cent in 1981 to DM 8.65bn, while the sales of its main department stores operations dropped by 4.9 per cent to DM 5.75bn.

Karstadt, the country's leading stores group, reported a rise of 3.2 per cent in the turnover in its 155 stores to DM 9.8bn, but this increase was chiefly the result of the special promotions launched to boost sales in the company's 100-year jubilee.

Karstadt continues to be burdened too by the performance of the various subsidiaries taken over from the ailing Neckermann concern.

NUR, Neckermann und Reisen, Karstadt's travel subsidiary, suffered a drop of 5.2 per cent in the number of holidays booked in the year to the end of October 1981, although turnover showed a marginal nominal increase of 0.6 per cent to DM 1.2bn.

The Neckermann mail order operation suffered a drop of 2.2 per cent in sales to DM 1.638bn, while the factory-built housing subsidiary reported a fall of 36.8 per cent in the value of houses completed in 1981.

Kaufhof enjoyed greater success from its subsidiary operations and its mail order operation, Friedrich Wenz, boosted sales by 8.7 per cent to DM 497m. ITS, its travel subsidiary, reported an increase of 7 per cent in holiday bookings in 1981 and a rise in sales of 14 per cent to DM 430m.

Ciba to show increased sales and profits for 1981

BY OUR FINANCIAL STAFF

CIBA-GEIGY, the Swiss-based chemical group, expects to unveil higher sales and profits for 1981.

Turnover in most product sectors grew faster than the average inflation rate and earnings also improved, Mr Louis von Planta, the president, writes in an employee newsletter.

The company's performance is "remarkable" considering the difficult situation of the European chemical industry. However, it gained from the weakness of the franc in the first and third quarters of the year, he explains.

In 1980 group net profit fell to SwFr 305m ($167m) from SwFr 327m in 1979 on turnover of SwFr 11.91bn, against SwFr 9.89bn.

The outlook for 1982 remains mixed, Mr von Planta says. The franc has firmed and the recessionary tendencies among industrialised nations have spread.

A large part of Ciba's 1981 turnover and earnings was accounted for by agricultural and pharmaceutical products.

Daf Trucks' second half recovery

DAF TRUCKS, the Dutch truck maker in which International Harvester of the U.S. has a major shareholding, made a profit last year in contrast to earlier expectations of a loss, writes our Financial Staff.

The company made a profit of Fl 23.8m in 1980, and yesterday board chairman Piet van Doorne said that a recovery in second half trading had left Daf in the black overall in 1981. Results were negative in the first 1981 half but showed an improvement thereafter.

Samsung holds TV plant talks in Portugal

By Diana Smith in Lisbon

NEGOTIATIONS are under way for a $5m joint venture between Samsung of South Korea and Emacet of Portugal, and a UK company to produce 150,000 colour television sets a year mainly for export, at a new factory outside Lisbon.

If negotiations are successful, Samsung will hold 55 per cent of the capital, Emacet 35 per cent, and Product Resources International of the UK 10 per cent. Samsung, one of Korea's leading companies, and PRI said they did not want to comment on the proposed deal while talks were still under way.

This would be the first South Korean venture in Portugal, where the authorities are eager to attract new investment from the Middle and Far East, especially in export-oriented products. The venture must be authorised by the Foreign Investment Institute.

هكذا من الأصل

INTERNATIONAL COMPANIES and FINANCE

Powertech acquires control of Lascon

By Jim Jones in Johannesburg

POWERTECHNOLOGIES (Powertech), the South African electrical products company, is to acquire a controlling interest in the privately owned Lascon Lighting Industries, the country's largest manufacturer of commercial and industrial lighting. The acquisition is retroactive to July 1 1981.

Powertech is acquiring 3,026 shares, the equivalent of 50.2 per cent of Lascon's issued capital, for R11.4m ($11.9m) cash. A further 2,526 shares, equivalent to 41.8 per cent of Lascon's share capital, are being acquired by Allied Electronics (Altron) for R9.95m cash. Altron's main asset is a 56.6 per cent interest in the electronics company, Allied Technologies (Altech), which in turn owns 63 per cent of Powertech.

Powertech is raising the funds for its purchase by a rights issue to Altech of 12.3m nine per cent convertible preference shares of one Rand each. Altech has in turn renounced 37 per cent of these shares in favour of Powertech minority shareholders. Preference shares will be convertible on March 1 1985 into Powertech ordinary shares of 60 cents each, in the ratio of five ordinary shares for three preference shares.

In the year to June 1981 Lascon earned after tax profits of R4.1m on sales of about R60m. In the 6 months to December its profit improvement was consistent with that of the rest of the industry, say the directors.

In the year ended February 1981, Powertech's turnover was R22.4m and after tax profits R1.18m. Had the Lascon acquisition been effective in that year, Powertech earnings would have increased from 5 cents to 8.8 cents a share, said the directors. The effect of the transactions on Altron could be to boost earnings per share by 9 cents to 72.4 cents a share.

Hambros near agreement on Reksten tanker debts

BY FAY GJESTER IN OSLO

HAMBROS BANK, the UK merchant bank, appears to have made an additional concession in an attempt to safeguard the agreement it reached last month with the Norwegian State-backed Guarantee Institute and creditors of the troubled Reksten tanker group.

The agreement, which involved nine of Reksten's fleet of 12 tankers, was threatened because some creditors—those with interests in the three ships not party to the agreement—refused to relinquish their right to sue the bank. It is understood that a condition of the deal was that all of Reksten's creditors would agree not to sue.

Now two of the four Norwegian ship mortgage companies with stakes in the three tankers have put forward proposals about the vessels' future which Hambros and the Guarantee Institute have accepted.

If—as expected—the other two also agree, the last barrier to a final solution of the Reksten tangle will probably have been removed.

The arrangement proposed—by two jointly-administered ship mortgage companies in Kristiansand—is that Hambros should buy the half share held by one of them in one of Reksten's least valuable vessels, the 11-year-old Octavian, and that the two newest vessels in the Reksten fleet, the Cyprian and Vespasian, should go "clear of all debts," to the ship brokers which have priority mortgages in them.

The Kristiansand companies have a total stake of about 36 per cent in the Vespasian, and one of the other brokers bas a 48 per cent interest. The two non-Kristiansand-based brokers have stakes in the Cyprian.

Mr Lars Schage, director of the Kristiansand companies, yesterday refused to reveal what Hambros would pay to acquire 100 per cent ownersbip of the Octavian. He said the arrangement would not be final until the first deal (between Hambros, the Guarantee Institute and other creditors) had been signed, and until the Oslo and Bergen mortgage companies had also given their consent.

Arabs lend more via Bahrain

BY MARY FRINGS IN BAHRAIN

BAHRAIN HAS become a more important channel for Arab funds over the past year, according to the Governor of the Bahrain Monetary Agency (BMA), Mr Abdulla Saif.

At the end of September, Bahrain offshore banking units (OBUs) were borrowing US$ 8.1bn net from Arab countries. The OBUs lent US$5.2bn of that to Asia and Latin America, and US$2.6bn to Western Europe. The year earlier figures were US$4.6bn, US$3.4bn, and US$ 1.4bn respectively.

Mr Saif said the increased volume of outward flows reflected the activity of major Arab banks in the market.

Total assets and liabilities of the 64 OBU's reporting to the BMA at end-September were U.S.$46.4bn, representing a 12-month growth of 38 per cent. The U.S. dollar share of the market remained at 67 per cent, but the fastest-growing elements had been the major European currencies. Mr Saif said these currencies had strengthened the market at a time when the Kuwaiti dinar and the UAE dirham had become relatively less important to OBUs. BMA statistics also showed a substantial increase in turnover, both in deposit taking and foreign exchange.

In the domestic market, the overall figures bad been significantly affected by the transfer of some of the National Bank of Bahrain's business to its newly opened OBU.

Foreign bond issues in Kuwait

EIGHT Kuwaiti investment and financial houses made international bond issues totalling $1.47bn in the seven years ended last December, AP reports.

The issues were made for 64 international borrowers in 18 countries including Japan, France, Sweden, Finland, Spain and Yugoslavia.

The Kuwaiti houses that led, co-managed, and contributed to the bond issues were the Kuwait International Investment Company, Kuwait Foreign Trading Contracting and Investment Company, Kuwait Investment Company, Arab Financial Consultants Company, Financial Group of Kuwait, the Kuwait Financial Center, Kuwait International Finance Company, and National Bank of Kuwait.

Among the key borrowers were the Korean Development Bank, the African Development Bank, Banco Nacionale de Credit Rural of Mexico, Finnish Municipalities, and the Republic of Indonesia.

Nissan in unsecured bond issue

By Richard C. Hanson in Tokyo

NISSAN MOTOR, Japan's second largest vehicle manufacturer after Toyota, will issue next mooth Y60bn of unsecured convertible debentures in the Tokyo market. This will be only the second time a Japanese company has been allowed to float a bond without a mortgage on physical assets, following Matsushita Electrical Industrial in 1979.

Nissan will use the proceeds of the issue, convertible until March 1988, to finance part of its ambitious capital spending programme in Japan.

Last year, the company raised money by issuing 60m shares in Europe, in the form of European Depositary Receipts and £50m in a sterling convertible bond issue.

Meanwhile, the company is expected shortly to decide whether it will go ahead with a plan to build a major assembly plant in the UK.

Japan expands ship subsidies

THE JAPANESE interest rate-subsidised shipbuilding programme will be expanded in the year to March to 1.84m gross from the planned 1.24m tonnes, Reuter reports from Tokyo. Gross tonnage built under the programme in the previous financial year was 1.64m.

NTN Toyo capacity

PRODUCTION capacity at NTN Toyo Bearings Dusseldorf plant is 2.5m bearings per month, not 2.5m per year as stated in an article on January 5.

CONTRACTS AND TENDERS

WORLD STOCK MARKETS

Early Wall St retreat of 7.2

STOCKS ON Wall Street mainly reverted to a downward course in active early dealings yesterday.

Analysts said market euphoria over the resolution of the U.S. Justice Department cases against both ATT and IBM was more than offset by extreme Bond market weakness yesterday and fears that the Federal Reserve would have to tighten monetary policy.

Neither ATT nor IBM opened for trading yesterday morning, although both are indicated higher.

The Dow Jones Industrial Average, after recovering 4.75 last Friday, had fallen 7.23 to 859.30 by 1 pm. The NYSE All Common Index weakened 78 cents to $68.58 and declines outscored rises in the ratio of two-to-one. Trading volume increased to 35.35m shares from Friday's 30.97m.

Among the actives, Mitel lost 1½ to $21½, El Paso $1 to $26¾, Schlo 1½ to $37½ and Northwest Air $1 on $25.

Teledyne, despite reporting higher fourth-quarter earnings, dropped 3½ to $131½.

Medcom rose to $29 bid, $33 offered from Friday's closing $17½ bid, $21 offered. The stock had gained 4½ points on Friday. Baxter Travenol, which has agreed to buy Medcom for $35 per share, eased ⅛ to $33½.

Tri-Chem advanced to $11½ bid, $11¾ offered from $9 bid, $9½ offered. The company said it is tendering for up to 500,000 of its shares at $12 each.

THE AMERICAN SE Market Value Index fell 6.01 to 304.21 at 1 pm. Volume 3.11m shares (2.95m).

Canada

Markets in Canada also showed renewed weakness yesterday morning after rallying a little on Friday. The Toronto Composite Index dipped 8.1 to 1,884.6 at noon in moderate trading, while Golds lost 95 to 2,629.9 and Oil and Gas 29.8 to 3,511.7.

Closing prices for North America were not available for this edition.

Harry Nerlich, with Merrill Lynch Royal Securities, said the market's weakness can be blamed on fears that interest rates are moving up. He said a number of companies have raised their mortgage rates.

Tokyo

After further declining in Saturday's half-day session, the market closed with a firm bias yesterday following late scattered bargain hunting in Blue Chips and some other popular issues.

The Nikkei-Dow Jones Average, which was 26.36 lower on Saturday, rose 39.40 to 7,675.26. The Tokyo SE index, 1.64 easier on Saturday, put on 2.47 to 565.80, although rises only narrowly exceeded falls on the First Market by 295 to 267. Also, volume was thin, amounting to 170m shares compared with 290m last Friday.

Motors, Light Electricals, Precision Instruments, Communications and Heavy Electric Machines were bought towards the close, after opening mixed on further liquidation of margin positions.

A number of speculatives were also higher, but Steels declined, reflecting the temporary suspension of the U.S. trigger system on steel imports. Nippon Steel shed Y2 to Y169 and Nippon Kokan Y3 to Y167.

Among the higher spots, Victor Japan advanced Y160 to Y2,770, Sony Y100 to Y3,960, Matsushita Electric Y40 to Y1,140, Fuji Photo Y50 to Y1,290, Canon Y30 to Y890, Hitachi Y5 to Y658, Nippon Electric Y19 to Y809, Toyota Motor Y23 to Y993, Nissan Motor Y24 to Y834, Honda Motor Y17 to Y795 and TDK Electronic Y200 to Y3,700.

Germany

Mirroring a weaker-inclined Domestic Bond market, shares tended to drift easier in quick trading. However, Banks and some Stores provided firm exceptions.

Among Banks, Deutsche climbed DM 4 to DM 269.50 and Dresdner DM 1 to DM 134, while Stores had Horten up DM 1.50 at DM 111.50 and Karstadt DM 2 firmer at DM 185.

Public Authority Bonds recorded falls ranging to 40 pfennigs but some gains of up to 15 pfennigs. The Bundesbank bought DM 28m of paper after selling DM 21m on Friday. The market was depressed by continued debt offerings by the Federal Government and other public authorities in the form of Schuldschein Promissory Notes. Similar issuing activity acted as a brake on the market for most of last week.

Paris

Following the good performance during the past week, Bourse prices were firmer for choice yesterday in moderate activity, with shares in line for nationalisation still in demand.

Among Banks, Paribas put on FFr 1½ to FFr 209 and CCF FFr 1 to FFr 157.

Other firm sectors included Portfolios, Foods, Motors, where Peugeot rose FFr 2.8 to FFr 179.5, Stores Electricals and Metals.

Switzerland

Stocks continued to gain ground in increasing volume, helped partly by one major bank's buying on account of foreign investors, but also by growing sentiment among Swiss buyers that the market could be ripe for a good rally. The Swiss Bank Corporation Industrials Index rose 2.2 to 263.1.

Market expectations that Wall Street would show a firm trend yesterday after the settlement of the U.S. Justice Department's disputes with American Telephone and Telegraph and International Business Machines gave Swiss shares an additional stimulus, dealers added.

Hong Kong

After holding fairly steady for most of the day, the market staged a late improvement to leave the Hang Seng index 20.78 ahead at 1,436.57.

Sentiment was boosted by remarks about Hong Kong from British deputy foreign secretary Humphrey Atkins after his visit to China. He said the Chinese Government is aware of the economic importance of Hong Kong although it has not formulated any decision on its future.

There was another moderate turnover, totalling HK$246.06m on the four exchanges, against last Friday's HK$242.64m.

Fresh institutional buying was noted, with some Utilities also attracting speculative demand.

Among Utilities, China Light rose 60 cents to HK$14.20, HK Electric 20 cents to HK$5.90 and HK Gas 25 cents to HK$32, but HK Telephone receded 50 cents to HK$29.30.

Australia

Following last week's weakness, markets were inclined to ease afresh yesterday. However, a few Mining heavyweights picked up a little, and the overall All Ordinaries index recorded just a modest decline at 1.7 at 575.3.

Overall market leader BHP retreated 8 cents to A$9.90, while Industrials had Bond Holdings down 15 cents at A$2.45 and ICI Australia off 5 cents at A$1.75, but CSR firmed 3 cents to A$3.78.

In the Oil and Gas group, which declined 3.7 to 653.0 on the index, Santos lost 6 cents to A$6.44, Vamgas 10 cents to A$10.90 and Alliance Oil 2 cents to A$1.62.

Among Gold Minings, Central Norseman dipped 16 cents to A$6.54, but elsewhere in Minings, Pancontinental firmed 5 cents to A$2.40, Western Mining 5 cents to A$3.90 and MIM 3 cents to A$3.08.

Johannesburg

Gold shares lost ground in the wake of the falling Bullion price. Among Heavyweights, Buffelsfontein declined R2 to R41, but FS Geduld hardened 50 cents to R38.50 against the trend.

Indices

NEW YORK —DOW JONES

	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Dec. 31	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	866.53	861.78	861.02	869.30	882.52	875.00	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.20	56.91	57.18	56.92	56.95	57.56	65.78 (15/1/81)	54.99 (1/10)	—	—
Transport.	368.67	368.46	370.46	372.04	379.68	380.30	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.68	107.81	108.12	108.86	109.55	109.02	117.81 (5/1/81)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	42,050	43,410	61,010	47,910	56,760	40,780	—	—	—	—

♦Day's high 872.15, low 858.93.

Ind. div. yield %	Dec. 31	Dec. 24	Dec. 18	Year ago (approx)
	6.32	6.35	6.34	5.59

STANDARD AND POORS

	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Dec. 31	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	135.56	132.00	133.16	134.17	137.28	137.12	157.02 (6/1/81)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	118.55	115.99	119.18	120.05	122.74	122.55	138.12 (6/1/81)	115.81 (24/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Jan. 5	Dec. 30	Dec. 23	Year ago (approx)
Ind. div. yield %	5.50	5.30	5.30	4.32
Ind. P/E Ratio	8.04	8.20	8.24	9.02
Long Gov. Bond yield	14.15	13.71	13.60	11.60

NY. S.E. ALL COMMON

Jan. 8	Jan. 7	Jan. 6	Jan. 5	1981-82 High	1981-82 Low
69.36	69.02	69.18	62.72	79.14 (6/1)	64.96 (25/9)

Rises and Falls	Jan. 8	Jan. 7	Jan. 6
Issues Traded	1,866	1,870	1,894
Rises	904	654	470
Falls	559	788	1,040
Unchanged	403	433	372
New Highs	—	5	8
New Lows	—	40	45

MONTREAL

	Jan. 8	Jan. 7	Jan. 6	Jan. 5	1981-82 High	1981-82 Low
Industrials	325.22	324.11	326.04	328.71	409.56 (27/6)	310.21 (25/9)
Combined	308.34	308.91	309.61	311.67	375.28 (13/6)	293.97 (25/9)
TORONTO Composite	1892.7	1,887.9	1,909.7	1916.8	2578.9 (19/4)	1812.46 (25/9)

	Jan. 11	Jan. 8	Jan. 7	Jan. 6	1981-82 High	1981-82 Low
AUSTRALIA All Ord. (1/1/80)	575.3	577.0	583.1	585.9	737.3 (6/4)	546.8 (29/10)
Metal & Mines (1/1/80)	408.2	407.4	410.9	415.5	755.2 (7/1/81)	404.8 (20/11)
AUSTRIA Credit Aktien (2/1/62)	55.58	55.77	55.22	(c)	60.45 (5/1/81)	55.04 (15/10)
BELGIUM Belgian SE (31/12/63)	88.80	87.79	88.0	88.28	88.49 (6/1/82)	69.59 (16/6)
DENMARK Copenhagen SE (1/1/73)	121.09	120.10	118.45	118.20	123.56 (17/12)	95.88 (2/1/81)
FRANCE CAC General (28/12/61)	92.9	92.90	92.0	89.9	112.5 (17/3)	77.8 (15/9)
Ind Tendance (31/12/81)	104.0	103.60	103.0	100.4	104.0 (11/1/82)	87.7 (4/1/82)
GERMANY FAZ-Aktien (31/12/58)	222.85	222.66	221.31	221.81	243.47 (5/7)	210.88 (9/2)
Commerzbank(Dec 1953)	680.6	680.28	674.8	675.1	749.0 (5/7)	686.4 (16/2)
HOLLAND ANP-CBS General (1970)	85.9	84.9	84.1	84.0	86.0 (20/8)	78.5 (28/9)
ANP-CBS Indust (1970)	64.5	63.7	63.2	63.2	76.4 (22/6)	61.4 (22/12)
HONG KONG Hang Seng Bank (31/7/64)	1436.57	1410.79	1409.40	1385.72	1810.20 (17/7)	1119.77 (5/10)
ITALY Banca Comm Ita (1972)	185.25	184.84	182.86	187.55	282.05 (5/6)	169.44 (24/7)
JAPAN(**) Dow Average (16/5/49)	7675.26	7662.22	7691.22	7687.60	8019.14 (17/8)	6956.59 (16/8)
Tokyo New SE (4/1/68)	565.80	564.97	567.57	569.46	603.92 (17/8)	480.78 (5/1/81)
NORWAY Oslo SE (1/1/72)	124.89	124.26	124.54	124.45	145.72 (8/8)	110.34 (5/6)
SINGAPORE Straits Times (1966)	801.76	807.56	807.86	819.76	978.26 (20/8)	815.28 (1/8)
SOUTH AFRICA Gold (1958)	(u)	568.5	563.7	566.8	797.8 (7/1/81)	473.0 (6/7)
Industrial (1958)	(u)	711.7	710.8	708.2	711.7 (8/1/82)	557.2 (3/2)
SPAIN Madrid SE (30/12/81)	(c)	100.18	99.33	(c)	100.18 (8/1/82)	99.17 (5/1/82)
SWEDEN Jacobson & P. (1/1/58)	653.32	651.65	653.55	(c)	680.31 (10/8)	494.17 (29/1/81)
SWITZERLAND Swiss Bank Cpn.(31/12/58)	263.1	260.9	257.9	257.5	304.2 (2/4)	242.9 (17/11)
WORLD Capital Intl. (1/1/70)	—	143.9	145.5	144.1	162.8 (6/1/81)	103.0 (28/9)

(**) Sat Jan 9+. Japan Dow 7,635.86 TSE 563.33.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Gen Pub Utils	1,156,300	6⅞	−⅛	Eastman Kodak	499,900	73⅝	+1⅛
Warner Comms	793,500	55⅝	+3⅜	General Motors	436,100	40⅞	+⅞
El Paso Co	658,900	27⅞	+2	Tandy	421,800	35⅞	+⅞
Exxon	538,000	30⅝	−⅛	ITT	397,000	30⅞	+1⅛
Cone Foods	520,800	30	−⅛	Sears Roebuck	387,000	17⅞	+⅛

Rising stocks highlight metals recession

BY ROY HODSON

THE BEHAVIOUR of metals stocks indicates that the world recession in base metals is deepening. Weakness in demand for the commonly-used industrial metals throughout the western world is being reflected in the high stocks now being carried in the metals warehouses.

Stocks of most of the base metals held in the London Metal Exchange warehouses rose once again during the past week. Aluminium stocks have now reached levels traders and aluminium producers would not have believed possible when the London market opened three years ago.

At the beginning of the week the LME aluminium stocks stood at a record 155,600 tonnes—worth about £100m at current prices. By the end of the week the stocks had risen by a further 4,300 tonnes.

Helped by the falling pound cash aluminium put on £1.5 a tonne on the LME yesterday to close at £577. But the market remains acutely conscious of world producer stocks of unsold metal which now exceeds 3m tonnes.

Copper stocks also rose appreciably last week adding 1,075 tonnes to 128,825 tonnes. Copper was also helped by the weak pound in London trading yesterday and put on £2 to close at £850.50 for cash.

The Philippines government yesterday disclosed plans for a copper stabilisation fund with an initial capital of 200m pesos to help the country's copper industry through periods of depressed prices. Local companies will be charged 12 per cent a year for using the fund and will be committed to replenishing it when copper prices are high. Only copper producers which are considered to have a long-term future on the basis of reserves and production costs will be entitled to assistance from the fund. Producers of Philippines copper—an important export earner—have been complaining to their government about the low world price for their product.

Lead stocks in LME warehouses rose by 3,475 tonnes last week to 52,950 tonnes. Lead closed at £322.50 for cash in London—a fall of £2.50 on the day—influenced mostly by Asarco of the U.S. cutting its lead producer price by 2 cents. At 28 cents a pound the Asarco price stands at a lower point than for many years.

Nickel gained £55 in London yesterday to close at £2,955 for cash mainly because of the influence of currency factors.

Other LME stock movements last week: tin rose 45 tonnes to 16,290 tonnes; zinc stocks fell by 700 tonnes to 73,125 tonnes, nickel stocks fell by 54 tonnes to 2,688 tonnes, and silver stocks rose by 250,000 ounces to 32,480,000 ounces.

Mexico expects to increase its silver production to 70m ounces a year by the end of next year from the current level of 50m ounces a year, Reuter reports from Mexico City.

The increase will come largely from the Real de los Angeles mine which will produce about 7m ounces a year when fully operational later this year. A statement from the national resources and industrial development ministry said the expansion of silver production in Mexico was assured in spite of the low world price at present.

Chicago exchange sets record

CHICAGO—Trading volume on the Chicago Board of Trade (CBOT) during 1981 was a record 49.1m contracts, up from 45.3m in 1980, CBOT announced.

It was the 12th consecutive record year and the 14th straight annual volume increase.

Open interest, however, dropped in 689,520 contracts in all commodities at the end of December 1981 from 1,082,284 at the end of December 1980. And volume during December 1981 was 4,378,756 contracts, off from 5,188,353 in December, 1980.

A 114 per cent increase in volume of U.S. Treasury bond futures, to 13.9m contracts from 6.5m in 1980, led CBOT to its new annual record. It was the fourth new yearly high for T-bonds since trade began in 1977.

Activity in financial instrument contracts in 1981 amounted to one-third of all CBOT contract volume, compared with one-fifth in 1980.

Agricultural futures volume was down more than one-tenth in 1981 at 32.1m contracts, with only oats showing increased volume, to 370,103 contracts from 320,934 in 1980.

Reuter

Freeze threatens UK farm production

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE PRESENT arctic weather followed a week's thaw in the south of England which raised farmers' hopes that they had seen the worst. The grass seemed greener and the autumn-sown wheat and barley began to grow quite strongly. Since Friday, though, it has all been very unpleasant.

The snow followed a hard frost and this allowed it to blow off the fields and drift into the roads, which were blocked in no time. In Hampshire we did not suffer the extremes of Wales and the West of England where the snowfall was much heavier. Power lines are for the moment still standing. Supplies are reaching farms, and milk is being collected.

The main effect has been that every job on the farm is taking twice as long and the very hard frosts are freezing water supplies which were considered protected.

There is plenty of fodder and the animals most at risk, the breeding ewes on the lowland farms, should be able to survive as long as there is enough hay and other feed. Very few will be lambing for three or four weeks yet.

On the hills and moors, particularly in Wales, conditions could be very serious. Mountain sheep are usually left to get their own living from the vegetation and even if they have not been hurried, they would find little on which to browse. Even if hay and other feed is available, the difficulties of getting them to the stock are extreme in this really deep snow.

In Wales, too, farmers are having difficulty in having their milk collected and in many cases have not the power with which to chill their milk storage tanks.

Further north the floods in Yorkshire have been checked by the frost but not before they could have done a great deal of damage to the autumn sown cereals and to potato and sugar beet stores unless these were above flood level. Although the cold has been extreme in the north of England, there has not been quite so much snow, and farmers are generally more prepared to meet such conditions. The bad weather started early and both in the north of England and Scotland they have coincided with the mating period of the hill sheep with the near certainty of a reduction in fertility.

In any case hill ewes are believed to absorb their embryo lambs in a bad time and lambing percentages could well be down this spring. Overall, the ewe flock and outlying cattle are most at risk, but we are much better equipped with tractors to handle a crisis like this than we were in 1963.

A more serious contingency is damage to the autumn sown grain crops. The first snows fell on unfrozen ground and when the frosts came the snow protected the plants. This time it was already freezing and the drifting off the fields has meant there is little protection. A severe frost like this can cause the soil surface to lift and literally tear the young plants apart. This happened in January 1979 to some extent, and unless there is a thaw before long, preferably with rain to beat the soil surface down, losses from this cause could be very heavy almost anywhere.

Shortages forecast

CONTINUING arctic weather will cost Britain's farmers millions of pounds and leave consumers facing shortages and high prices for many months.

With snow drifts still covering the main sheep producing areas, there are also fears that many lambs will be still born or die from the cold soon after birth.

The lambing season is already underway in parts of the south and many flocks on the hills are cut off because of the snow.

Some farmers say they are facing bankruptcy because of the winter conditions. Hundreds of thousands of pounds worth of hay and straw have been lost in water logged barns and many square miles of land are covered by flood water and ice, leaving crops rotting in the ground.

Milk production has been seriously hit with bulk tankers unable to get through to farms in some areas.

Farmers are taking their milk by whatever means possible to central collection points in the hope that tankers can get through.

Many livestock farmers took animals indoors much earlier than usual, but now there are fears that winter feed stocks will run short.

Intensive producers, especially poultry and pig farmers have also been hit. They need animal feed deliveries every two or three days and blocked roads have made this impossible. Huge areas of sugar beet and winter cereals have been lost and will have to be reseeded, delaying the harvest.

The National Farmers Union warned that supplies of some home-grown vegetables could dry up this week and the shortage run until early summer. Extra heating costs will force up the price of greenhouse crops.

Plan to shift Ghana cocoa discussed

ACCRA — Ghana's Provisional National Defence Council called an emergency meeting yesterday to discuss the evacuation of cocoa from the hinterland to ports.

Senior government officials were told to attend together with members of the Cocoa Marketing Board.

Last week Ghana's new military ruler, Flight Lieutenant Jerry Rawlings announced that students from the country's three universities would suspend their studies to take part in the evacuation and help on farms.

Flt-Lt. Rawlings said the whole country was being mobilised for the exercise.

The main trunk road from Accra to the north is reported to be overflowing with bags of sealed and graded cocoa awaiting transport to ports.

Jamaican refinery strike contained

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government has managed to prevent the spread of a strike which has threatened to close all the North American-owned bauxite mining and refining operations in the island.

However, a 550,000-tonne refinery in Central Jamaica, owned by the Aluminium Company of America (ALCOA) remains closed.

Some workers at the island's largest refinery, owned by Kaiser, Reynolds and Anaconda, went on strike late last week, raising the prospect of the plant's closure. However, the Government intervened and the workers returned to their jobs.

Negotiations are expected to continue early this week aimed at finding an agreement which will allow the re-opening of the Alcoa refinery. The workers in the industry are disgruntled at the lack of agreement between the companies and their unions on a new wage contract to replace one which expired at the end of January last year.

Pakistan cotton sales down

KARACHI — Pakistan is finding difficulty in selling its cotton this year because its traditional customers have met their requirements from other producers, the Karachi Cotton Association said.

It said Pakistan was negotiating with a number of countries but no big deals were reported. China is negotiating with Pakistani officials for a possible purchase of 700,000 bales.

Pakistani cotton output this year is forecast at 4.6m bales compared to 4.3m last year.

Reuter

Saudi aid for fertiliser plant

DACCA — The Saudi Fund for Development will provide Bangladesh with $85m for a urea fertiliser plant in the southern port city of Chittagong.

The official Bangladesh news agency BSS said a fund delegation was to arrive here today for a three-day visit during which a formal agreement on the assistance will be signed.

Under 1977 and 1978 agreements between the two sides the fund pledged to provide Bangladesh with project assistance worth $300m and the aid for the Chittagong Urea Plant will be a part of that assistance.

Reuter

Cotton outlook remains dim

NEW YORK—A large surplus of supply over demand, high U.S. interest rates, a strong dollar and a sluggish world economy together took a sharp toll of U.S. cotton prices during 1981.

While 1982 may bring some respite from the steep decline of recent months, few market-watchers anticipate a sharp rebound from currently depressed price levels. Fewer still expect any substantial recovery until at least the second quarter of the year, and most suggest probably later.

Having begun 1981 at around 95.00 cents a pound, the spot contract on the New York Cotton Exchange was hovering nearer 64.00c a pound as 1981 came to a close.

A review of cotton production and demand estimates for the 1981-82 season betrays much of the reason behind the recent price slump.

Latest forecasts from the U.S. Department of Agriculture put the 1981-82 U.S. cotton harvest at a bumper 15.57m bales (of 480 lbs), as against only 11.1m last year, largely reflecting near-record yields. U.S. consumption, on the other hand, is estimated at only 5.9m bales. Coupled with export projections of 7.0m bales and beginning-year stocks of 2.7m bales, the USDA forecasts translate into a carry-over in the U.S. of around 5.5m bales into the 1982-83 season.

The global picture reflects the same pattern, in starker relief. USDA forecasts of a 71.0m-bale world harvest in the current season will more than meet expected world demand of 66.5m bales, resulting in estimated world carryover stocks on August 1, 1982, of 26.8m bales.

As a result, "any improvement in prices will have to come as a result of demand, and it will be sometime in the second quarter of 1982 before we seen an upturn in demand," according to Mr Dan Troxler, an economist with the U.S. producer-funded Cotton Inc. research group.

In the absence of a crop disaster in producing countries, any resulting price increase will be gradual rather than sharp, Mr Troxler adds.

Any improvement in cotton demand from the textile industry will come after a general recovery in the U.S. economy, argues Mr John Sanfley, executive director of the International Cotton Advisory Committee (ICAC), an inter-governmental study group.

But "that upturn is now not expected until the second half of 1982 at the earliest," he adds.

Reuter

Russians fight to protect crops

MOSCOW — Farmers in the Stavropol area, an important Russian winter grain area, are fighting to protect their crops against frost in the absence of snow cover, Tass News Agency said yesterday.

Tass said several days into this month the weather in the South Russian region of Stavropol was unseasonably mild, grass was still green and there were even some flowers blooming.

When the first frosts arrived snow cover was insufficient to protect crops. Farmers were laying straw and other materials as protection, the agency said.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES on the London Metal Exchange were generally sustained by the sharp fall in sterling against the dollar. COPPER closed at £850.5, owing to currency considerations. LEAD touched £321 prior to closing at £322.5 on news that Asarco has cut its producer price by 2 cents to 28 cents—the lowest level for a number of years. ZINC was finally £437, amid rumours that unofficial talks are in progress regarding the Tara strike. TIN closed at £7970 following demand; while ALUMINIUM ended at £602.5 despite the sizeable stocks increase. NICKEL rose to £2927.5 owing to the stocks decline and currency factors.

[illegible]

GAS OIL FUTURES

Prices fell sharply after the opening on the weakening of the physical once. A stronger New York opening pushed prices up briefly.

[illegible]

SILVER

Silver was fixed 0p an ounce lower for spot delivery in the London bullion market yesterday at 429p. U.S. cent equivalents of the fixing levels were: spot 800.5c, down 21.5c; three-month 826.8c, down 21.3c; six-month 856.4c, down 22.3c; and 12-month 918c, down 22.6c. The metal opened at 426-430p (810-815c) and closed at 425-429p (806-811c).

[illegible]

GRAINS

[illegible]

COCOA

Futures remained steady within a narrow range. Actuals business remains slow with interest shown for cocoa even though differentials are weak, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

WOOL FUTURES

[illegible]

SOYABEAN MEAL

The market opened with small gains in quiet trade, reports T. G. Roddick. Prices continued to show firmness on commission house buying.

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £150.00 (same) a tonne cif Jan-Feb shipment. White sugar daily price £157.00 (same).

[illegible]

COTTON

[illegible]

JUTE

[illegible]

RUBBER

The London physical market opened slightly steadier, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded a February fob price for No. 1 RSS in Kuala Lumpur of 204.5 (203.5) cents a kg and SMR 20 180.5 (179.5).

[illegible]

POTATOES

[illegible]

TEA AUCTION

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, January 11.

[illegible]

EUROPEAN MARKETS

[illegible]

INDICES

FINANCIAL TIMES

	Jan. 8	Jan. 7	Month ago	Year ago
	249.56	247.17		268.48

(Base: July 1, 1952=100)

REUTERS

	Jan. 11	Jan. 8	M'nth ago	Year ago
	1606.6	1604.7	1618.4	1721.8

(Base: September 18, 1931=100)

MOODY'S

	Jan. 8	Jan. 7	Month ago	Year ago
	1001.7	998.6	992.5	1220.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 8	Jan. 7	Month ago	Year ago
Spot	127.55	127.19		
Fut's	134.66	135.06		

(Base: Dec. 31, 1974=100)

Bank issues feature markets on reports of Monopolies Commission rejection of Royal Bank of Scotland bids

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22

* "New time" dealings may take place from 9.30 am two business days earlier.

Investment interest at the start of a new London Stock Exchange trading Account yesterday was blunted by the imminence of the threatened two-day rail stoppage and the mineworkers' ballot on strike action. Speculative enthusiasm, a feature of last week's trade, was undermined by reports that the Monopolies Commission has rejected both the outstanding bids for Royal Bank of Scotland.

The last-named development shook the whole Banking sector and the four main clearers sustained opening falls to 20 and more before rallying to close only 7 down at worst. Royal Bank of Scotland collapsed to 135p prior to ending 49 down on balance at 143p. Mirroring the sector's weakness, the FT-Actuaries Banks index fell 4.3 per cent to 272.72.

Leading shares were initially guided by Friday's firmness on Wall Street but, in the absence of sufficient support, gradually eased until steadying late on yesterday's early advices from New York. Popular Electricals continued to display irregularity with both Racal and Thorn EMI drifting lower awaiting interim statements, due tomorrow and Thursday respectively.

Charting the course of leading Industrials, the FT 30-share index was marginally higher at 10 am, but a net 1.7 off at the four counts from noon before closing 0.8 down on the day at 530.6. The satisfactory trend in last month's Wholesale Prices indices made little impression on either Equities or Gilt-edged.

The latter sector sustained falls extending to ¼ at both ends of a market affected by yesterday's marked weakness in sterling and by yesterday's call of £557m on the short tap stock, Exchequer 14 per cent 1986. Small demand continued for selected low-coupon shorts considered cheap in relation to last week's newcomer, Treasury 3 per cent 1987.

Chinese Bonds revived and the 5 per cent 1925 Boxer gained 1½ points to £10½; publicity about a recent U.S. Court ruling may have caused the interest.

Deals in Traded options yesterday amounted to 1,456—1,185 calls and 271 puts. ICI remained to the fore with 224 calls completed, while Imperial and British Petroleum attracted 194 and 165 calls respectively. The lion's share of put business was transacted in BP with 127 deals struck.

Owners Abroad made a bright debut in the Unlisted Securities Market; offered at 10p, the shares opened at 13½p and, in a lively business, advanced to 16p. Yesterday also saw the debut of Malaysian Tin in the USM; the former mining concern, now a Midland property developer, opened and closed at 53p compared with last April's suspension price of 65p.

Royal Bank weak

Press reports that the Monopolies Commission has vetoed the two £500m takeover bids for the Royal Bank of Scotland prompted a sharp mark-down in the latter which touched 135p before closing a net 49 down on balance at 143p. Bidders, Standard Chartered and Hongkong and Shanghai, however, added 17 to 680p, after 700p, and 11 to 139p respectively. Bank of Scotland, a strong market of late on talk of a foreign bid, plummeted to 450p before rallying to close at 478p, still 40 down on balance. The major clearers were also marked sympathetically lower at the outset but rallied to close with falls ranging to only 7. Lloyds, down to 406p at one stage, closed 6 off at 422p, while Midland cheapened a similar amount to 340p, after 330p, and NatWest 7 to 395p, after 390p. Old bid favourite Grindlays ended 4 off at 202p, after 190p.

With the exception of Gillett Brothers, which followed last week's fall of 40 with a reaction of 5 to a 1981-82 low of 175p, Discount Houses edged nervously forward from the depressed levels which followed Smith St. Aubyn's shock disclosure of heavy losses incurred in the gilt-edged market. Smith held at 40p, while Cater Allen rallied 10 to 290p as did Union, to 410p, after 415p. Clive hardened a penny to 18p, after 19p. Contrasting movements in merchant banks took in Brown Shipley, 7 up at 227p and Hambros, 6 easier at 147p.

Losses in Composites ranged to 8 as the market reflected fresh concern about escalating compensation claims due to storm damage.

Interest in Buildings centred on secondary issues. Demand ahead of today's preliminary results lifted Bett Brothers 3 to 48p, while favourable Press comment left Marchwiel 5 dearer at 114p. In the Timber sector, Magnet and Southerns touched 134p in response to the interim results, but drifted off to close unchanged on balance at 132p.

ICI touched 308p in early dealings before small sellers gained the upper hand and left the close a couple of pence cheaper on balance at 304p. Fisons lacked support and shed 5 to 145p, but Manders attracted speculative buying on takeover hopes and gained 8 to 166p. Ellis and Everard gained 10 to 128p in response to the increased interim profits. Elsewhere in the Chemical sector, Hoechst were quoted ex rights at 275p.

Martin Ford up again

Interest in Stores was mainly confined to secondary issues. Martin Ford attracted renewed speculative demand and added 2 for a two-day gain of 5½ at 24p. Tern-Consulate rose 5 to 60p for a similar reason while rises of 3 were noted for R. and J. Pullman, 46p, and Courts (Furnishers) "A," 70p; the last-mentioned awaiting the mid-term results. Polly Peck remained unsettled by Mr Asil Nadir's placing of 1.3m shares at 350p per share and closed 7 cheaper at 358p. B. Paradise advanced 4 to 41p following the doubled first-half earnings and reinstated interim dividend, but MFI, interim figures expected next Tuesday, gave up that amount to 58p. Favourable weekend Press comment lifted Asprey 25 more to 960p xd.

After Friday's fall of 13 on rumours that the group might announce a sizeable rights issue with Thursday's interim results, Thorn EMI continued to trade nervously and eased to 440p before closing the turn off at 444p. Racal, half-year's figures tomorrow, also lost a penny to 427p, after extremes of 430p and 425p. Other Electrical leaders made progress but closed well below the day's best. GEC added 5 at 805p, after 810p, while Plessey put on a penny to 364p, after 370p. Ferranti featured proceedings elsewhere, rising 20 to a 1981-82 peak of 645p on revived bid speculation. Concord Rotaflex hardened 2 to 56p on the planning permission for redevelopment of the company's City Road premises.

Movements in the Engineering leaders were limited to a few pence either way, but Carlco featured secondary issues with a jump of 10 to 72p in response to the better-than-expected half-year interim statements. F. H. Tomkins improved 2 to 18½p and Whessoe Watson hardened a shade to 5p. Other firm, bright spots included RHP, 2½ dearer at 70½p, and Renold, 3 up at 42p.

Selected Foods figured prominently with Ranks Hovis McDougall rising 3 to 65p on takeover hopes and favourable comment on Associated British Foods gaining 6 to 151p in sympathy. British Sugar firmed 5 to 378p, but Unigate, the subject of considerable speculative interest recently on dawn raid rumours, slipped to 112p before closing a penny cheaper on balance at 113p. Investment demand lifted Bejam 7 to a peak of 120p, while Kwik Save, ex the rights issue, rose 5 to 216p with the new nil-paid shares closing at 36p premium. Further speculative support lifted William Low 6 to 178p and Single 2½ to 36½p. A. G. Barr, a thin market, jumped 10 to 215p in response to the better-than-expected annual results.

Press reports that analysts had downgraded their annual profit forecasts to the £52m level left Trusthouse Forte 5 off at 116p.

Stanelco flat

Launched on the Unlisted Securities Market at 83p last June, Stanelco provided a prominent dull feature in miscellaneous industrials yesterday, plummeting 17 to 38p on the chairman's forecast that the company will incur a loss for the first six months of the current year. Scan Data slumped 15 in sympathy to 90p. Elsewhere, Change Wares, persistently supported and up 8 last week, closed a further 6 higher at 33p. WGI also put on 6, to 114p, and Rockware improved 3 to 55p. Dealings in Associated Communications A were suspended at 52p pending an announcement regarding future control of the company; market sources suggest that Mr Robert Holmes a'Court will acquire Lord Grade's shareholding and bid for the company outright. The leaders were featured by a rise of 4 to 180p in Rank Organisation following comment ahead of the preliminary results due on January 25.

Associated Newspapers eased 5 to 178p; the annual results are due on Thursday. Elsewhere, John Waddington, a depressed market since the passing of the interim dividend, rallied a penny to 85p, while Associated Paper, preliminary figures expected shortly, picked up 3 to 47p, after 48p.

Consideration of Rosehaugh's revised conditional bid for the company left London Shop Property 4 cheaper at 136p; Beaumont, currently in the process of merging with London Shop, shed 6 to 129p. Elsewhere in the Property sector, Marler Estates attracted fresh speculative interest and added 2 to 62p.

Berkeley Exp. good

Interest in the Oil leaders failed to expand and quotations drifted lower on sporadic offerings and lack of support. British Petroleum closed a couple of pence cheaper at 296p and Shell 4 down at 386p. Among the exploration issues, Berkeley were good at 365p, up 20, following a press suggestion that KCA's holding in the company is up for sale. KCA International improved to 126p before settling only 2 firmer on balance at 122p. Carless Capel revived with a rise of 5 to 162p, while NCC were also supported and put on a similar amount to 98p and Falmouth Petroleum were noteworthy for a gain of 10 to 70p. Flair Resources, in contrast, gave up 10 to 170p.

P and O Deferred were again briskly traded and reacted to 126p before moving ahead to 134p and settling at 132p, unchanged on the day. Elsewhere in the Shippings sector, Gotaas-Larsen firmed 10 to 240p in response to press mention.

Textiles finished a shade firmer for choice. Coats Patons stood out with a rise of 3 to 63p.

The proposed sale of part of the Shelford Estate for £8.1m continued to direct attention towards Sogomana which touched 520p before settling for a net gain of 5 at 510p. Castleford added 10 more to 440p.

Golds under pressure

Mining markets put on another dismal performance following renewed weakness and uncertainty in precious and base-metal markets.

South African Golds fell to their lowest levels for six months as the bullion price gave up $11.50 to a 26-month low of $389 an ounce.

The sharemarket was marked down at the outset and subsequently drifted lower on lack of interest with jobbers awaiting the first of the December quarterly reports from the Gold Fields group, which are due tomorrow.

The Gold Mines index gave up 11.3 more to 286.7, its eighth decline in the last nine trading days and its lowest since July 6.

In the heavyweights, falls extended to a point and more as in Buffels, £18⅛, and Hartebeest, £25, while the medium and lower-priced issues showed Libanon 51 off at 785p and Venterspost 23 down at 395p.

South African Financials registered sizeable losses in line with Golds. Gencor were 25 cheaper at 925p, while Anglo American Corporation fell 17 to 633p and UC Investments 20 to 630p.

De Beers were active and gave up 9 to 343p, after 340p; the 1981 world diamond sales figure is expected to be announced today.

The continued weakness of metal prices unsettled London Financials which were also marked-down. However, little selling followed the initial mark-down and prices ended the day on a reasonably steady note. Gold Fields were finally 8 down at 465p. Charter fell 5 to 245p and Rio Tinto-Zinc 6 to 427p.

Australians tended to ignore renewed falls in overnight Sydney and Melbourne markets and generally held around Friday's closing levels.

FINANCIAL TIMES STOCK INDICES

	Jan. 11	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 4	A year ago
Government Secs.	68.14	62.24	61.97	68.00	51.89	62.34	58.31
Fixed Interest	62.91	69.88	62.79	62.87	69.83	63.15	70.29
Industrial Ord.	530.6	531.4	589.8	526.7	518.1	529.3	465.1
Gold Mines	286.7	298.0	299.0	300.9	302.0	301.3	68.51
Ord. Div. Yield	5.56	5.65	5.67	5.71	5.76	5.75	7.86
Earnings, Yld. % (full)	9.95	9.98	9.95	10.03	10.19	10.05	17.57
P/E Ratio (net) (*)	19.87	19.87	12.85	12.75	19.62	12.70	6.98
Total bargains	15,054	16,037	16,671	16,393	15,590	13,503	20,462
Equity turnover £m.	—	115.05	126.70	87.54	50.86	66.19	72.57
Equity bargains	—	12,737	15,588	11,896	12,519	10,571	13,359

10 am 531.6. 11 am 530.6. Noon 529.7. 1 pm 529.7.
2 pm 529.7. 3 pm 529.7.
Latest Index 01-246 8026.
*Nil = 11.49.
Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.51 (20/5)	60.17 (28/10)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	72.01 (20/5)	61.61 (28/10)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	262.8 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 8	Jan. 7
—Daily Gilt Edged Bargains	170.1	177.0
Equities Bargains	82.5	85.7
Value	892.5	256.1
5-day Avrge. Gilt Edged Bargains	166.2	150.7
Equities Bargains	78.5	72.4
Value	195.8	157.2

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–	Div.	Times covered	Gross yield	P/E ratio
[illegible]	F.P.	—	[illegible]	[illegible]	Asset Spcial 10p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Baillie Gifford Jn Tst	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	City Site	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Comp.Adysts.Eng 50p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Cussins Prop. 20p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Equipu. 10p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	F&C Enter. Warrants	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Grin'h Cable&Cm.	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hayters £1	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Malaysian Tin 5p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Newmarket (1981) 5c	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Owners Abroad 10p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Peek Hldgs.	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sheldon Jones	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Spayhawk 10p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Vinors 1p	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	York Mount	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+or–
[illegible]	[illegible]	—	[illegible]	[illegible]	Calsea Nat. Des'Auto. 16% Gtd. Ln. 1986	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Essex Water 10% Red. Prf. 1986	[illegible]	
[illegible]	F.P.	—	[illegible]	[illegible]	Haslemere Est 9pc.Conv.Uns.Ln.	[illegible]	
[illegible]	[illegible]	—	[illegible]	[illegible]	Nat'wide Bdg.Society 15% Bds	[illegible]	
[illegible]	[illegible]	—	[illegible]	[illegible]	Do. 15% Bds. (13/1/83)	[illegible]	
[illegible]	[illegible]	—	[illegible]	[illegible]	Do. 16% (17/1/83)	[illegible]	
[illegible]	F.P.	—	[illegible]	[illegible]	Pennine Comm. 12pc.Conv.Uns.Ln.	[illegible]	
[illegible]	[illegible]	—	[illegible]	[illegible]	Do. 15% pc. Uns. 1986	[illegible]	
[illegible]	F.P.	—	[illegible]	[illegible]	Toffos 12% Cnv. 1991	[illegible]	
[illegible]	F.P.	—	[illegible]	[illegible]	Viners 10% Cnv. Loan 1988	[illegible]	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Abwood Mach. 7½p	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown (M)	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	OB RASL	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	Carlton Real Ests. 10p	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Great Portland Estates 50p	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	I.C.L.	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	Kwik-Save 10p	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	Lennons Grp. 10p	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Raglan Prop. 1p	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sterling & Fisher	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	Tollos 20p	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	W T 5c	[illegible]	
[illegible]	Nil	—	[illegible]	[illegible]	Wearwell 5p	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bank of Scotland	478	−40	GEC	805	+5
Berkeley Expl.	365	+20	KCA Int.	122	+2
Cons. Gold	465	−8	Midland Bank	340	−8
De Beers Defd.	343	−9	P. & O. Defd.	132	—
Driefontein	£11½	−0½	Royal Bank Scotland	143	−49
Ford (Martin)	24	+2	Stanelco	38	−17

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
P. & O. Defd.	21	132	−2	Plessey	13	363	+1
FNFC	17	34	—	Sturla	12	15½	+0½
ICI	16	306	+6	Unigate	12	114	+1
Ryl. Bk. Scot.	16	192	−2	Beecham	11	212	+4
Thorn EMI	16	445	−13	Debenhams	11	70	+1
Bk. of Scotland	14	518	+5	Glaxo	11	436	+14
GEC	13	800	−6	Smith St Aubyn	11	40	+5

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (16)

BUILDINGS (1)
Newarthill
CHEMICALS (2)
Akzo Ellis & Everard
STORES (1)
Asprey
ELECTRICALS (3)
Cable & Wireless Ferranti
Farnell Elec.
ENGINEERING (1)
Carclo Eng.
FOODS (2)
Bejam Single
INSURANCE (1)
Brentnall Beard
LEISURE (1)
Horizon
PAPER (1)
Assoc. Paper
SOUTH AFRICANS (1)
Anglo Am. Inv.
TEXTILES (1)
Stroud Riley
OIL & GAS (1)
Jackson Exploration

NEW LOWS (9)

BANKS (1)
Gillett Brothers
BEERS (1)
Whitbread A
STORES (1)
Raybeck
ELECTRICALS (1)
Scan Data
INDUSTRIALS (2)
Cont. Stationery Stanelco
PROPERTY (1)
Wereldhave
TRUSTS (1)
Sel. Mkt. Ptg. Rd. Pf.
MINES (1)
Rustenburg Plat.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	66	23
Corpns. Dom & Foreign Bonds	10	4	58
Industrials	277	139	942
Financial & Props.	118	75	321
Oils	33	14	63
Plantations	3	2	19
Mines	19	70	79
Others	92	16	44
Totals	555	386	1,549

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24

For rate indications see end of Share Information Service

Money was given for the call in Trident TV, Royal Bank of Scotland, Scottish and Newcastle, Burmah, Ladbroke, Tozer Kemsley and Millbourn, ICL, Hampton Trust and Celtic Haven. Puts were done in Royal Bank of Scotland, Burmah, Tubes and Hawker Siddeley, while double options were taken out in Royal Bank of Scotland and P & O Deferred.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 11, 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (S) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	9.88
Algeria	Dinar	7.9560
Andorra	(French Franc / Spanish Peseta)	10.95 / 185.05
Angola	Kwanza	[illegible]
Antigua (S)	E. Caribbean $	5.10
Argentina	Ar. Peso	18,049.0(3)
Australia (S)	Australian $	1.6870
Austria	Schilling	30.095
Azores	Portug'se Escudo	126.16
Bahamas (S)	Ba. Dollar	1.8865
Bahrain (S)	Dinar	0.718
Balearic Isles	Spa. Peseta	185.05
Bangladesh (S)	Taka	[illegible]
Barbados (S)	Barbados $	[illegible]
Belgium	B. Franc	(cm) 75.95 (fn) 81.30
Belize	B $	[illegible]
Benin	C.F.A. Franc	546.5
Bermuda (S)	Bda $	1.8865
Bhutan	Indian Rupee	17.40
Bolivia	Bolivian Peso	47.00
Botswana (S)	Pula	[illegible]
Brazil	Cruzeiro	[illegible]
Brit. Virgin Isles (S)	U.S. $	1.8865
Brunei (S)	Brunei $	[illegible]
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Burundi Franc	[illegible]
Cameroon Republic	C.F.A. Franc	546.5
Canada	Canadian $	[illegible]
Canary Islands	Spanish Peseta	185.05
Cape Verde Isle	Cape V. Escudo	[illegible]
Cayman Islands (S)	Cay. Is. $	[illegible]
Cent. Afr. Republic	C.F.A. Franc	546.5
Chad	C.F.A. Franc	546.5
Chile	C. Peso	[illegible]
China	Renminbi Yuan	[illegible]
Colombia	C. Peso	[illegible]
Comoro Islands	C.F.A. Franc	546.5
Congo (Brazzaville)	C.F.A. Franc	546.5
Costa Rica	Colon	[illegible]
Cuba	Cuban Peso	[illegible]
Cyprus (S)	Cyprus £	[illegible]
Czechoslovakia	Koruna	[illegible]
Denmark	Danish Krone	14.02
Djibouti	Fr.	[illegible]
Dominica (S)	E. Caribbean $	5.10
Dominican Repub.	Dominican Peso	1.8865
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
Equatorial Guinea	Ekuele	[illegible]
Ethiopia	Ethiopian Birr	[illegible]
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.09
Fiji Islands	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	10.95
French C'tyin Af.	C.F.A. Franc	546.5
French Guiana	Local Franc	10.95
French Pacific Is.	C.F.P. Franc	197 (sg)
Gabon	C.F.A. Franc	546.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.3075
Germany (West)	Deutsche Mark	4.3075
Ghana (S)	Cedi	[illegible]
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	[illegible]
Greenland	Danish Kroner	14.02
Grenada (S)	E. Caribbean $	5.10
Guadaloupe	Local Franc	10.95
Guam	U.S. $	1.8865
Guatemala	Quetzal	1.8865
Guinea Republic	Syli	[illegible]
Guinea Bissau	Peso	[illegible]
Guyana (S)	Guyanese $	[illegible]
Haiti	Gourde	[illegible]
Honduras Repub.	Lempira	[illegible]
Hong Kong (S)	H.K. $	[illegible]
Hungary	Forint	[illegible]
Iceland (S)	I. Krona	[illegible]
India (S)	Ind. Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Iraq Dinar	[illegible]
Irish Republic (S)	Irish £	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	546.5
Jamaica (S)	Jamaica Dollar	[illegible]
Japan	Yen	[illegible]
Jordan (S)	Jordan Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya (S)	Kenya Shilling	[illegible]
Kiribati	Australian $	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Kuwait Dinar	[illegible]
Laos	New Kip	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	Loti	[illegible]
Liberia	Liberian $	[illegible]
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux. Franc	[illegible]
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	[illegible]
Malagasy Republic	MG Franc	[illegible]
Malawi (S)	Kwacha	[illegible]
Malaysia (S)	Ringgit	[illegible]
Maldive Islands (S)	Mal Rupee	[illegible]
Mali Republic	Mali Franc	[illegible]
Malta (S)	Maltese £	[illegible]
Martinique	Local Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius (S)	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	C.F.A. Franc	[illegible]
Monaco	French Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	[illegible]
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Nauru	Australian Dollar	[illegible]
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	[illegible]
Netherland Antilles	Antillian Guilder	[illegible]
New Zealand (S)	N. Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Republic	C.F.A. Franc	[illegible]
Nigeria (S)	Naira	[illegible]
Norway	Norway Krone	[illegible]
Oman Sul'ate of (S)	Rial Omani	[illegible]
Pakistan	Pakistan Rupee	[illegible]
Panama	Balboa	[illegible]
Papua N.Guinea (S)	Kina	[illegible]
Paraguay	Guarani	[illegible]
Peru	Sol	[illegible]
Philippines	Philippine Peso	[illegible]
Pitcairn Islands (S)	(£ Sterling / New Zealand $)	[illegible]
Poland	Zloty	[illegible]
Portugal	Portug'se Escudo	[illegible]
Puerto Rico	U.S. $	[illegible]
Qatar (S)	Qatar Ryal	[illegible]
Reunion Ile de la	French Franc	[illegible]
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	[illegible]
St. Helena	£ St. Helena	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	Local Franc	[illegible]
St. Vincent (S)	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa American	U.S. $	[illegible]
San Marino	Italian Lire	[illegible]
Sao Tome & Prin.	Dobra	[illegible]
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierra Leone (S)	Leone	[illegible]
Singapore (S)	Singapore $	[illegible]
Solomon Islands (S)	Solomon Is. $	[illegible]
Somali Republic	Somali Shilling	[illegible]
South Africa (S)	Rand	[illegible]
South West African Territories (S)	S. A. Rand	[illegible]
Spain	Peseta	[illegible]
Spanish ports in North Africa	Peseta	[illegible]
Sri Lanka (S)	S. L. Rupee	[illegible]
Sudan Republic	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland (S)	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syrian £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania (S)	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Republic	C.F.A. Franc	[illegible]
Tonga Islands (S)	Pa'anga	[illegible]
Trinidad (S)	Trinidad & Tob. $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Australian $	[illegible]
Uganda (S)	Uganda Shilling	[illegible]
United States	U.S. Dollar	[illegible]
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Vanuatu	(Vatu / Aust. Dollar)	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	[illegible]
Western Samoa (S)	Samoan Tala	[illegible]
Yemen (Nth)	Ryal	[illegible]
Yemen (Sth)	S. Yemen Dinar	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Zimbabwe $	[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports [illegible]. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfers. (3) Now one rate.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon Jan 11 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Jan 8 Index No.	Thur Jan 7 Index No.	Wed Jan 6 Index No.	Tues Jan 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	355.40	+0.3	9.79	4.48	12.68	354.38	354.38	352.72	351.78	277.28
2	Building Materials (25)	301.75	+0.4	15.00	5.69	7.62	300.59	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	539.11	+0.4	17.36	5.29	6.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (30)	1233.67	+0.5	7.34	2.33	17.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (9)	502.51	+0.1	13.26	5.63	8.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (67)	191.35	+0.1	11.09	5.71	11.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (12)	162.86	+0.5	8.49	7.48	15.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	96.75	-0.1	—	7.05	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (18)	373.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (198)	271.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	272.72	-4.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon Jan 11	Day's change %	Fri Jan 8	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS

			Mon Jan 11	Fri Jan 8	Year ago (approx.)
	British Government				
1	Low	5 years	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	268.5	282.6	—	4.25

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31		758.50	—	6.77
Wider Fund Dec. 31		280.25	—	5.05
Narrower Fd. Dec. 31		70.05	—	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	69.0	[illegible]	[illegible]	[illegible]
(Accum. Units)	74.6	[illegible]	[illegible]	[illegible]
American Recovery	77.7	[illegible]	[illegible]	[illegible]
(Accum. Units)	80.9	[illegible]	[illegible]	[illegible]
Australasian	83.1	[illegible]	[illegible]	[illegible]
(Accum. Units)	87.3	[illegible]	[illegible]	[illegible]
Commodity	129.5	[illegible]	[illegible]	[illegible]
(Accum. Units)	154.2	165.0	[illegible]	[illegible]
Compound Growth	179.9	[illegible]	[illegible]	[illegible]
Conversion Growth	121.5	130.0	[illegible]	[illegible]
Conversion Income	79.1	[illegible]	[illegible]	[illegible]
Dividend	131.3	[illegible]	[illegible]	[illegible]
(Accum. Units)	312.3	[illegible]	[illegible]	[illegible]
European	59.0	[illegible]	[illegible]	[illegible]
(Accum. Units)	66.4	71.0	+0.2	[illegible]
Extra Yield	85.9	91.5	+0.7	9.89
(Accum. Units)	141.4	151.1	+2.1	9.89
Far Eastern	123.4	132.0	+1.1	1.34
(Accum. Units)	142.0	151.9	+1.3	1.34
Fund of Inv. Tsts.	89.5	97.5	+0.1	5.10
(Accum. Units)	123.9	135.1	+0.1	5.10
General	229.7	246.9	+0.6	6.23
(Accum. Units)	416.5	447.7	+1.1	6.23
Gilt Income	43.0	45.1	+0.2	13.85
(Accum. Units)	46.7	49.0	+0.2	13.85
High Income	110.7	117.8	+0.6	9.00
(Accum. Units)	235.0	251.4	+1.4	9.06
Japan	192.8	[illegible]	+2.1	0.40
(Accum. Units)	203.5	[illegible]	[illegible]	[illegible]
Magnum	334.7	[illegible]	[illegible]	[illegible]
(Accum. Units)	471.3	[illegible]	[illegible]	[illegible]
Midland	167.8	[illegible]	[illegible]	[illegible]
(Accum. Units)	344.6	[illegible]	[illegible]	[illegible]
Recovery	130.8	[illegible]	[illegible]	[illegible]
(Accum. Units)	150.7	[illegible]	[illegible]	[illegible]

Save & Prosper Group (continued)

UK Equity	61.7	66.3	—	4.74
Overseas Funds (z)				
Europe	76.9	82.6	+0.1	2.48
Japan	128.1	137.7	+0.7	0.10
S.E. Asia	87.6	94.1	+0.4	0.64
U.S.	115.6	124.2	+1.5	0.77
Sector Funds				
Commodity	130.8	140.6	−0.3	3.20
Energy	132.0	141.9	+0.6	1.39
Exploration Fund (z)	38.1	40.9	+0.1	0.25
Financial Secs.	105.7	113.0	—	2.62
New Technology (z)	46.6	50.1	+0.4	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	60.7	64.8	—	2.29
Exempt Funds				
Exempt Income*	183.0	193.2	—	7.56
Exempt Intl.*	373.2	393.9	—	0.72

Prices at Dec. 23. Next sub. day Jan. 13.

Scotbits Securities Ltd.

Scotbits	49.3	53.0	−0.2	4.28
Scotyield	52.0	55.9	+0.1	7.78
Scotshares	80.4	86.4	−0.3	4.81

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	169.5	[illegible]	[illegible]	2.74
(Accum. Units)	222.4	[illegible]	[illegible]	2.74
Income Fund	231.3	[illegible]	[illegible]	[illegible]
(Accum. Units)	423.1	[illegible]	[illegible]	[illegible]
Gen.	133.6	[illegible]	[illegible]	[illegible]
(Accum. Units)	186.3	[illegible]	[illegible]	[illegible]
Europe	23.0	[illegible]	[illegible]	[illegible]
(Accum. Units)	27.7	[illegible]	[illegible]	[illegible]
Smaller Co.'s	154.5	[illegible]	[illegible]	[illegible]
American	52.3	[illegible]	[illegible]	[illegible]
(Accum. Units)	52.4	[illegible]	[illegible]	[illegible]
Tokyo	56.8	[illegible]	[illegible]	[illegible]
(Accum. Units)	56.8	[illegible]	[illegible]	[illegible]
Gilt & Fixed	43.0	[illegible]	[illegible]	[illegible]
(Accum. Units)	45.3	[illegible]	[illegible]	[illegible]
Australian	49.6	[illegible]	[illegible]	[illegible]
(Accum. Units)	49.9	[illegible]	[illegible]	[illegible]
Singapore & Malay	51.1	[illegible]	[illegible]	3.74
(Accum. Units)	51.1	[illegible]	−0.2	3.74
*Ch. & C. Fd. Dec 31	250.0	[illegible]	—	4.80
*Recovery Jan. 5	300.3	[illegible]	—	4.25
*Spec. Ex. Jan. 5	462.6	[illegible]	—	2.80
Euro. Except. Dec. 31	110.6	118	—	3.25

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 6844

Equity Trust Accum.	104.0	112.3	—	5.76

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	63.6	67.7	—	5.07
Accum. Units	84.1	89.5	—	5.07

Dealing day Wednesday.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

Pegasus Tst. Jan. 8	92.0	98.9	—	—

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Income Dec 31		147.20	—	7.51
Accum. Dec 31		396.03	—	—

NOTES
Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	91⅞	Treasury 3pc '82‡‡	98[illegible]	......	3.03	15.02
101	99¼	Treasury 14pc '82‡‡	99[illegible]	......	14.03	14.91
[illegible]	98¾	Treas. Variable '82‡‡	99[illegible]	......	15.28	15.34
[illegible]	93⅞	Treasury 8¼pc '82	97⅛	–⅛	8.49	14.75
[illegible]	93[illegible]	Exch. 9¼pc 1982	96	–⅛	9.63	15.39
[illegible]	92⅞	Exch. 8¼pc 1983	94⅛	–⅛	9.24	14.68
92⅞	84⅞	Exch. 3pc 1983	91	......	3.30	11.85
[illegible]	95	Treasury 12pc 1983‡‡	96⅜	–⅛	12.45	15.43
[illegible]	96¼	Treas. Variable '83‡‡	99[illegible]	......	15.24	15.44
[illegible]	90⅞	Treasury 9½pc '83	93⅞xd	–⅛	9.86	14.01
101	95¼	Exch. 13½pc '83	97⅜	–⅛	13.86	15.11
94⅞	89¼	Exch. 10pc 1983	92⅜	–⅛	10.82	14.68
88⅞	83½	Funding 5½pc '82-84‡‡	88¼xd	+¼	6.23	12.28
96¼	90	Exch. 11¼pc 1984	92⅞	–⅛	12.21	15.71
103½	95¼	Exchequer 14pc 1984	97	–⅛	14.43	15.54
82⅞	77	Exch. 3pc 1984	81⅞	+⅛	3.66	11.85
98⅞	90½	Treasury 12pc 1984	91⅞	–⅛	13.06	15.75
107⅞	95⅞	Treasury 15pc 1985	97	–⅛	15.46	16.20
98⅞	88¼	Exch. 12pc Cnv. '85	89⅞	–⅛	13.35	16.16
76	71	Treasury 3pc 1985	74	......	4.05	12.76
96[illegible]	85¼	Treasury 11½pc 1985	88xd	–⅛	13.86	16.14
98⅞	87⅝	Exch. 12¼pc 1985	88⅞	–⅛	13.78	16.20
97¼	84¼	Exch. 11¾pc '86	86½	–⅛	13.58	16.33
70[illegible]	65¼	Treasury 3pc 1986	70	+⅛	4.28	12.06
97[illegible]	84½	Treasury 12pc '86	87	–⅛	13.79	16.22
88⅞	78½	Treasury 8½pc '84-86‡‡	80⅞	......	10.51	14.45
[illegible]	92	Exch. 14pc 1986	92⅞	–⅛	15.17	16.37

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	65	Coronation 25c	65	—	Q60c	1.9	49.2
650	110	Falcon Rh.50c	110	—	Q25c	10.3	16.9
135	65	Roan Cons. K4	70	+5	‡Q0.13	5.0	—
59	25	Wankie Col. Rh.1	31	−1	Q3c	1.2	7.2
32	19	Zam.Cpr.SBD0.24	20	—	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
53	32	Acmex 50c	50	—	Q4c	—	4.9
41	14	ACM 20c	20	—	—	—	—
21	5	Argosy Gold N.L. 25c	6	—	—	—	—
229	194	Bond Corp.	146	—	Q10c	2.3	4.3
112	65	Bougainville 1 Kina	70	+1	‡Q25.4c	1.0	‡
302	153	CRA 50c	154	+1	Q19c	1.7	7.5
25	9	Canada Northwest	11½	+½	—	—	—
35	11	Carr Boyd 20c	15	—	—	—	—
415	43	Central Pacific	53	—	—	—	—
35	3	Cons. Gold Min. N.L. 25c	4¾	—	—	—	—
47	13	Cultus Pacific N.L.	22½	—	—	—	—
68	22	Eagle Corp. 10c	26	—	—	—	—
40	18½	Endeavour 20c	22½	−½	—	—	—
560	310	G. M. Kalgoorlie 25c	350	−5	Q32½c	8.9	5.7
25	6½	Great Eastern	8½	—	—	—	—
185	58	Greenbushes Tin 50c	58	—	Q6c	1.9	6.3
275	130	Hampton Areas 10p	154	—	2.5	3.1	2.3
168	30	Haoma Gold N.L.	31	—	♦	—	—
85	17	Intl. Mining	20	—	—	—	—
118	24	Jimberlana (50cFP)	30	—	—	—	—
15	8½	Kalbara Min 20c	9½	—	—	—	—
245	95	Kitchener N.L. 25c	95	—	—	—	—
105	11	Leichardt Expln.	13	+1	—	—	—
550	275	Meekatharra	495	+5	—	—	—
70	36	Metals Ex. 50c	42	—	Q3c	1.7	4.4
38	16	Metramar Mins. 20cts.	17	—	—	—	—
20	7½	Mid East Mins. N.L.	9	—	—	—	—
290	176	M.I.M. Hldgs. 50c	181	+2	Q15c	♦	5.2
57	21	Mincorp 20c	33	—	—	—	—
21	7	Minefields Expl. 25c	7	—	—	—	—
20	13	Newmetal 20c	18	—	—	—	—
69	26	Nickelore N.L.	30	+4	—	—	—
204	147	North B. Hill 50c	153	−3	Q18c	1.0	7.4
84	50	Nth. Kalgurli	65	−1	—	—	—
122	19	N. West Mining N.L.	22	+1	♦	—	—
150	106	Oakbridge 50c	113	+1	Q6½c	1.9	3.6
185	85	Otter N. L.	90	—	—	—	—
188	93	Pacific Copper	95	−3	—	—	—
*423	126	Pancont'l 25c	138	—	—	—	—
88	42	Paringa M&Ex.5p	62	—	♦	—	—
525	305	Peko-Wallsend 50c	315	—	Q15c	—	2.9
43	16	Pelsart Res NL	26	−1½	—	—	—
287	207	Renison 50c	255	—	—	—	—
372	195	Do. Dfd.	195	—	—	—	—
120	52	Seltrust A	52	—	—	—	—
157	18	Southern Pacific	24	—	—	—	—
100	38	Swan Resources 20c	38	—	—	—	—
316	60	Vulcan Mins 20c	65	—	—	—	—
18½	7½	West Coast 25c	10½	—	—	—	—
130	30	Westn. Cont. 50c	30	−5	—	—	—
335	222	Westn. Mining 50c	232	+3	Q14c	1.6	3.7
27	10	Westmex	11	—	—	—	—
76	32	Whim Creek 20c	32	—	—	—	—
101	21	York Resources	22	—	—	—	—

Tins

1981/82 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
16	7	Amal Nigeria 1p	7	—	—	—	—
300	210	Ayer Hitam $M1	250	—	Q135c	0.7	12.9
210	98	Geevor	140	—	—	—	—
12	8	Gold & Base 12½p	11	—	—	—	—
660	470	Gopeng Cons.	600	—	‡13.0	♦	3.1
450	310	Hongkong	410	—	21.0	♦	7.3
160	110	Idris 10p	155#	—	‡‡9.0	0.8	‡
*29	10	Jantar 12½p	23	—	‡2.5	4.0	9.3

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 26

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FINANCIAL TIMES
Tuesday January 12 1982

Mitterrand and Schmidt to meet

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany will meet President Francois Mitterrand in Paris tomorrow to co-ordinate policy on Poland following strong French media attacks on Bonn's attitude.

The surprise meeting was called at short notice because Herr Schmidt has grown increasingly concerned about the French Press's critical attitude towards Bonn.

In numerous recent French articles and commentaries, West Germany has been shown as drifting into neutralism and as having little real concern for the fate of the Polish people.

Part of this fierce Press reaction is seen hy the Bonn government as having been inspired by members of the French socialist administration—though certainly not by the President himself.

It is hoped here that, hy demonstratively co-ordinating Polish policy at the highest level, at least some of these sharp public attacks will be checked. It is felt that if they continue in their current form they could weaken broader Franco-German relations.

The West German government believes, in any case, that M Mitterrand's Polish policy is close to Herr Schmidt's—not least in its caution about imposing economic sanctions of the kind advocated by the U.S.

It is also maintained that the two leaders get on well together and that their mutual respect increased at a series of meetings last year, hoth bilaterally and at internatinnal gatherings.

It is also understood, however, that Herr Schmidt has not heen in direct contact with M Mitterrand since the eruption of the Polish crisis.

This is officially said to he hecause the Chancellor has been on boliday in Florida.

This lack of speedy top level contact contrasts sharply with the quick joint reaction after the Soviet invasion of Afghanistan, when M Valery Giscard d'Estaing was French President.

German officials also have sharp words for M Claude Cheysson, the French Foreign Minister, whose performance during the Polish crisis is compared unfavourably here with the cautious approach of Lord Carrington the British Foreign Secretary.

Terry Dodsworth adds from Paris: The French President has taken a stronger line on Poland than the West German leader, clearly implicating the Soviet Union in the move, and advocating an end to the partition of Europe laid down by the Yalta agreement.

The French agree with West Germany, though, that economic sanctions against Russia are unlikely to he effective, and they support the idea of tying new economic aid to Poland to the restoration of pre-martial law freedom.

In an interview at the weekend, M Cheysson stressed that France could not enter further negotiations on the rescheduling of Poland's official debt while the country continued to suppress basic freedoms.

Romanian debt talks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ROMANIA has opened formal discussions on its debt problems with international banks for the first time since evidence of the country's shortage of foreign exchange emerged late last summer.

Representatives of nine international banks are visiting Bucharest this week at the Romanian Government's request for talks on the country's economic and financial situation.

Romania owes around $10bn (£5.3bn) to the West and concern over its ability to service this debt has been aggravated by Romania's refusal until now to discuss the situation. Bankers have complained that telex and telephone calls to Romania were being cut off in mid-stream.

As a result, the nine banks invited to attend the talks—Bank of America, Banque Nationale de Paris, Barclays, Creditanstalt - Bankverein, Credit Lyonnais, Deutsche Bank, Manufacturers Hanover, Societe Generale and Union Bank of Switzerland—have gone to Bucharest with little idea of what to expect from today's discussions.

Some feel that the present situation of late payments on short- and medium-term debt may prompt the Romanians to ask for a formal debt rescheduling.

Others hope that such a development, which would further aggravate Eastern Europe's debt problems generally, can still be avoided.

The meeting was planned some weeks ago but, because of the sensitiveness of Eastern European debt in the wake of the Polish crisis, it has been kept confidential until now.

Few details of the discussions in Bucharest today are expected to emerge before the end of the week.

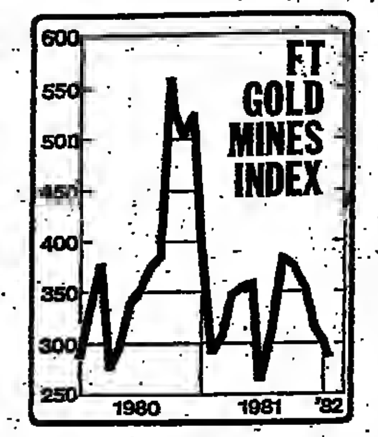
THE LEX COLUMN

Unbundling Ma Bell

The landmark settlement of the AT and T anti-trust suit had Wall Street in a frenzy yesterday. AT and T is not only by far the most widely held stock in the U.S., with over 3m shareholders, but also has $50bn of debt outstanding in the capital markets.

The settlement will transform Ma Bell from the safest of income stocks into a high technology company in the forefront of data processing, long distance telecommunications and information systems. AT and T will gain its new freedom in exchange for spinning off 22 regional subsidiaries, which generally make a meagre return on their very considerable assets.

Index fell 0.8 to 530.6



The surge of enthusiasm for the more dynamic Ma Bell was enough for trading in the stock to be suspended yesterday, while the avalanche of buying orders was sorted out. Analysts expect it to gain between 5 and 10 per cent from last week's suspension price of $58⅞.

But the exposure of AT and T to unregulated markets, coupled with the absence of cosy annual rate increases, seems certain to make the stock more volatile. AT and T's trading range of $48⅜ to $61½ over the past year is considerably narrower than that of its new competitors like IBM and Xerox.

The most worrying question for investors concerns the rating of debt issued by AT and T's operating subsidiaries. Together, they account for over 80 per cent of the group's intermediate to long term debt and are by far the biggest corporate borrowers in the bond markets. Removal of the Ma Bell umbrella could jeopardise their triple-A credit rating as Moodys, the bond rating agency, was quick to note yesterday.

The performance of AT & T stocks and bonds, as well as the securities of whatever new operating companies emerge, will hinge on the exact structure of the new entities and the political treatment they receive.

AT & T has said it will try to establish the new companies in the strongest possible financial condition. It should have some flexibility over how the new groupings are packaged and could even assume some of their debt.

The new units will emerge essentially as telecom switching operations and their fortunes will depend heavily on the grace and favour of the local utility commissions which set rates. Some Ma Bell subsidiaries have already warned that local phone rates could double over the next five years, so the telephone rate issue is bound to become an even hotter political potato.

The new units will be hoping to keep rates down by charging trunk line operators heavily for the privilege of plugging into their local systems. Congress is also chewing over new telecommunications law. The feeling on Wall Street is that politicians will try to shape a bill designed to keep phone tariffs down. This could put the operating companies in an uncomfortable earnings squeeze.

Gold bullion

Traders in the gold bullion market are holding their breath after the price slipped below the previous low of $390 set last August. In recent months central banks have tended to come in with buying orders whenever the price slipped much below $400, but in London yesterday the price touched $386 at one stage and was $389 at the close, suggesting that the metal could be moving down into a new trading range.

In recent weeks a price of around $400 has been enough to attract quite vigorous demand for coins and small bars—particularly from the Far East—while the jewellery industry also seems to have been replenishing its stocks. But demand has failed to respond to political developments—for instance, in Poland—in the way that could have been expected. With plentiful fresh supply anticipated, the market may be feeling its way down to the price levels which would re-attract speculative interest.

But since many countries are grappling with falling real GDPs, declining oil revenues and real disposable incomes, the background for reawakening such interest is hardly encouraging.

Company profits

A collection of statistics released yesterday confirm the substantial rise in company profits since the summer. Gross trading profits of the non-North Sea sector are up from £3.8bn in the second quarter to £4.3bn in the third, and the wholesale price figures point to a further restoration of operating margins, with manufacturers' prices moving up ½ per cent in December while raw materials were unchanged in price.

The personal sector accounts, meanwhile, show that the savings ratio was not as low in the second quarter of 1981 as had initially been calculated, and in the third quarter there was actually a rise. So there may, after all, be room for some further reduction in savings to maintain consumer spending in the face of a squeeze on real incomes.

Magnet & Southerns

With volumes remaining under heavy pressure, Magnet and Southerns has nevertheless been able to hold on to its trading margins, so pre-tax profits in the first half to September, have fallen by a modest enough 11 per cent to £10.6m. Volume in the timber trading arm — Southerns-Evans — has fallen by about 13 per cent, but prices in the industry bottomed in about May and the subsequent slight recovery has meant that the decline in pre-tax profits here has been held to 10 per cent.

On the more important manufacturing side, some small price rises through the summer and improved efficiencies have meant that pre-tax profits are down by a tenth, in line with volume. With the withdrawal of a competitor in windows in recent months, there should be a pick-up in the current half. Meanwhile, there is a strong likelihood that another rival manufacturer is about to cease operations. So, given a degree of pick-up in demand in 1982, operational gearing should allow the strong recovery in profits that the demanding rating of the company implies. The shares were unchanged yesterday at 132p, where the yield is 5½ per cent.

MacGregor warns of jobs threat from U.S.

By Alan Pike in London and John Wyles in Brussels

BRITISH Steel Corporation bas been forced to review its entire future strategy, raising the prospect of still more closures and job losses, because of anti-dumping actions by U.S. steel producers against European companies.

As the first petitions against European steelmakers were filed yesterday Mr Ian MacGregor, BSC chairman, said the action cast a "very deep shadow" over the corporation's ambitions for the coming year.

BSC executives will examine the corporation's entire capacity configuration over the next few weeks to see whether it can be defended in view of the likely closure of the U.S. market.

The corporation sold between 300,000 and 400,000 tonnes of products to America last year and was hudgeting on an increase to 400,000-500,000 tonnes this year.

Whatever the eventual outcome of the American law suits, much of this business is likely to be lost to the corporation in the short term. This puts at risk both the financial calculations on which BSC was expected to break even in the coming year, and maintenance of existing levels of employment in its plants.

The American problem coincides with another severe problem for BSC caused hy the effects of the snow at its Welsh and Scottish plants. This has not only disrupted production hut has caused damage which could eventually leave BSC with a bill for hetween £50m and £100m.

In the U.S., National Steel yesterday produced details of the first in what is expected to he a series of legal petitions.

This seeks relief from "unfairly subsidised" steel products including carbon sheet, galvanised sheet, carbon plate, alloy bars and structural steel from Britain, France, Belgium, West Germany, Luxembourg, the Netherlands, Italy, Brazil, Spain and South Africa. It also accuses Romania of breaching the U.S. anti-dumping laws.

Mr Howard Love, chairman of National Steel, spoke of a continned high level of subsidised imports from the EEC in spite of warnings. He added: "We have heen forced to file our own suit under the trade laws hecause other actions have not stopped the flood of illegal foreign steel coming into this country."

Representatives of leading European steel producers had hoped to meet Viscount Etienne Davignon, the EEC Industry Commissioner, in Brussels yesterday in advance of a ministerial meeting tomorrow, hut were prevented from doing so by bad weather.

U.S. chokes off safety valve, Page 2

COLD COMFORT FROM DECEMBER RISE OF 0.4%

Wholesale price rises slow

BY ROBIN PAULEY

LAST MONTH'S increase in wholesale prices was the lowest since the summer, bringing moderate encouragement for the Government that the rise in inflation is slowing.

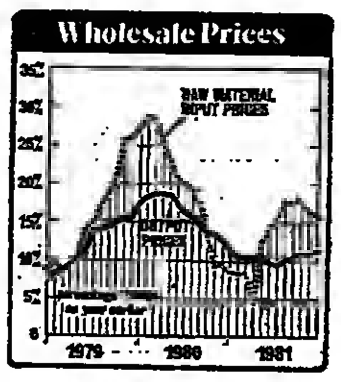
But the year-on-year rise of 11.25 per cent is still far above the level needed if the Government is to achieve its aim of bringing retail price inflation hack into single figures.

Official figures from the Department of Industry yesterday show that the small increase in factory gate prices was matched by hopeful news about the prices industry pays for fuel and raw materials. These remained unchanged overall in December. Higher domestic costs, particularly for electricity, were offset by small reductions in the prices of a range of imported commodities.

Yesterday's figures show that the cost of manufactured products sold in the UK last month rose by 0.4 per cent over November. This was the smallest rise since July and resulted in the index for output prices rising to 230.0 (1975=100). The year-on-year increase of 11.25 per cent compared with 11.1 per cent in November and 11 per cent in October.

Although the annual rate continues to rise the rate of increase has slowed markedly in the last six months. Much now depends on whether sterling can he kept firm and interest rates prevented from rising.

The price of raw materials and fuel purchased by industry remained unchanged in December after a 0.6 per cent fall in November, caused by an improvement of sterling against the dollar. The fall in November followed several



months of sharp increases.

The input price index stayed at 236.8 (1975=100) but the year-on-year increase fell to 15.5 per cent in December, compared with 16.4 per cent in November and 18.3 per cent in October.

November and December showed the first year-on-year slowdown since last February, when the annual rate of increase over 1980 was just over 8 per cent.

During the past six months, manufacturers' output prices rose hy only 4 per cent which represents an annual rate of under 9 per cent. More than a quarter of December's rise over November was due to higher food prices.

The Government is hoping that if the trends can be maintained the objective of single-figure retail price inflation may not be as far away as some pessimists feel. Any optimism is likely to be tempered when the latest retail price figures appear later this week. These are expected to show little prospect in the near future of an annual inflation rate under 12 per cent.

Living standards rise, Page 8

Royal Bank of Scotland hit

BY WILLIAM HALL, BANKING CORRESPONDENT

OVER £100m was knocked off the stock market value of the Royal Bank of Scotland group yesterday on the reports that the Monopolies and Mergers Commission (MMC) had turned down both of the bids, by Standard Chartered Bank and Hongkong and Shanghai Banking Corporation, for Scotland's premier bank.

The shares of the Royal Bank of Scotland fell by a quarter from 192p to 143p yesterday, having touched 135p at one stage. Before the initial bid was announced by Standard Chartered Bank last March, Royal Bank of Scotland's shares had been as low as 87p.

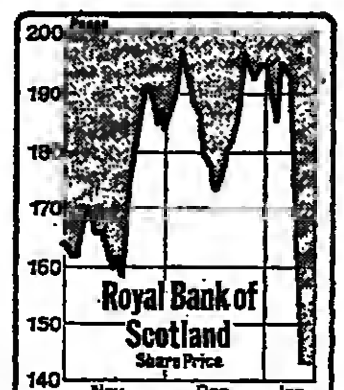
Since then they have risen to a peak of 202p as speculation mounted that the bids for the hank would be allowed to proceed. The Secretary of State for Trade has no power to stop a merger if the MMC recommends that it should be allowed. But a negative decision can he over-ruled. It seems likely that the MMC's recommendations will be discussed by ministers this week.

Shares of most leading British banks also fell sharply yesterday. Bank of Scotland, which has been buoyed up by the hope that bids for Scottish banks would be allowed to proceed, fell by 40p to 478p. The feeling was that a negative decision on the Royal Bank bid would prevent bids being mounted for other UK clearing banks.

The MMC's investigation into the bids for the Royal Bank of Scotland raises highly complex issues involving the Bank of England's powers to control banking take-overs and regional questions about the drift of decision-making away from Scotland.

Several Government departments hold widely differing views about the bids.

It bad been thought that the MMC's findings might be released next week when Parliament reassemhles but there have been suggestions that the release might be brought for-



ward to this week. The Royal Bank of Scotland holds its annual general meeting in Edinburgh on Thursday.

Sir Michael Herries, the chairman, and his directors are likely to face a hostile reception. Many Scots have bought small shareholdings in the hank.

A poser for the Cabinet, Page 17

Weather

UK TODAY

COLD and dry with sunny periods and fog patches. Some snow in the North and on the North-West coast.

London, E. Anglia, Midlands, S. Wales
Dry, sunny periods, fog. Max. temp. 2C (36F).

S.E., Central, S. and S.W. England, Channel
Dry, bright, some snow clearing in the Channel. Moderate winds. Max. temp. 4C (39F).

Lake District, Isle of Man, West Scotland, N. Ireland
Very cold, but dry and sunny with freezing fog. Light winds. Max. 1C (34F).

Aberdeen, Moray Firth, Orkney, Shetland
Scattered snow, sunny periods, freezing fog. Max. 1C (34F).

Outlook: Cold in the South-East but elsewhere less cold from the North-West. Mostly dry with fog.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	L. Ang.†	C	15	59
Algiers	C	18	64	Luxmbg.	R	-4	25
Amsdm.	F	-3	27	Luxor	S	23	73
Athens	F	16	61	Madrid	C	9	48
Bahrain	F	21	70	Majorca	C	16	61
Barclna.	F	15	59	Malaga	C	12	54
Beirut	F	16	61	Malta	C	18	64
Belfast	S	-5	23	Mchstr.	S	-1	30
Belgrd.	C	0	32	Melbne	—	—	—
Berlin	F	-8	18	Mx. C.†	—	—	—
Biarritz	S	15	59	Miami†	C	8	46
Bmghm.	S	-5	23	Milan	C	0	32
Blackp'l	S	-2	28	Montrl.†	C	-16	3
Bordx.	S	13	55	Moscow	C	-7	19
Boulgn.	C	-3	27	Munich	C	0	32
Bristol	S	-3	27	Nairobi	—	—	—
Brussels	S	-6	21	Naples	F	16	61
Budpst.	C	-10	14	Nassau	—	—	—
Cairo	—	—	—	Nwcstl.	S	-6	21
Cardiff	S	-3	27	N York†	C	-16	3
Casbca.	C	17	63	Nice	R	10	50
Cape T.	S	27	81	Oporto	C	12	54
Chicg.†	C	-19	-2	Oslo	S	-2	28
Cologne	Sn	-5	23	Paris	R	0	32
Cpnhgn.	S	0	32	Perth	F	23	73
Corfu	C	16	61	Prague	S	-12	10
Denver†	F	-13	9	Rykjvk.	—	—	—
Dublin	S	3	37	Rhodes	F	17	63
Dbrvnk.	C	13	55	Rio J'o†	—	—	—
Ednbgh.	C	-7	19	Rome	C	16	61
Faro	R	14	57	Salzb'rg	C	-1	30
Florence	C	11	52	S'ciscot	C	3	37
Frankf't	R	-7	19	St. M'ritz	—	—	—
Funchal	S	19	66	Singapr.	—	—	—
Geneva	C	5	41	S'tiagot.	—	—	—
Gibrltr.	C	15	59	Stckhm.	F	-6	21
Glasg'w	S	-8	18	Strasb'g	C	-1	30
G'nsey	C	3	37	Sydney	—	—	—
Helsinki	S	-15	5	Tangier	C	15	59
H. Kong	C	19	66	Tel Aviv	S	18	64
Innsbr'k	C	-2	28	Tenerife	F	21	70
Invrnss.	C	-1	30	Tokyo	C	8	46
I.o.Man	—	—	—	Tor'nto†	S	-12	10
Istanbul	C	6	43	Tunis	S	22	72
Jersey	C	3	37	Valencia	C	14	57
Jo'burg	S	27	81	Venice	R	1	34
L. Plms.	C	21	70	Vienna	C	-7	19
Lisbon	C	12	54	Warsaw	S	-5	23
Locarno	C	1	34	Zurich	C	-1	30
London	S	1	34				

C—Cloudy. F—Fair. R—Rain. S—Sunny Sn—Snow. † Noon GMT temperatures.

Rush to buy AT&T and IBM halts trading

BY DAVID LASCELLES IN NEW YORK

A RUSH of buy orders for IBM and AT & T the two U.S. companies whose long-running anti-trust cases were ended on Friday—halted trading in both stocks for several hours on Wall Street yesterday.

When trading resumed, both gained in price even though the stock market as a whole was then down quite sharply as investors showed their enthusiasm for the way hoth companies had emerged from the anti-trust gauntlet. Under its settlement, AT&T has to divest itself of its interests in 22 local telephone companies but will be able to offer data transmission and other high technology services.

After a three-hour delay, AT&T opened with a trade in a single block of 1.3m shares at $60.62½, up $1.75. IBM opened on more than 700,000 shares at $58.62½, also up $1.75.

Although these price gains look modest, their impact on investment portfolios is considerable. AT&T is by far the most widely held stock in the U.S. with more than 3m shareholders. IBM is the most heavily capitalised industrial stock on the New York Stock Exchange, with a market value yesterday of about $35bn.

AT&T, the largest utility, is capitalised at $46bn.

The financial markets were also husy assessing the quality of all securities in the telecommunications and data processing business. Analysts agree that this husiness is on the threshold of an era as a result of last week's landmark developments.

Stocks like General Telephone and Electronics, and other competitors in these markets, were also among the most heavily traded. However, not all of them gained because of the threat of daunting new competition from AT & T.

IBM's gain came as the Justice Department agreed to abandon its 13-year-long anti-trust suit, freeing the company from the huge cost of litigation put at tens of millions of dollars.

The 22 local telephone companies covered hy the settlement have borrowed nearly $48bn in the hond markets. There is concern that their financial position may be weakened once they are left to fend for themselves.

One of New York's two major credit rating agencies, Moody's, said yesterday, that it would be reviewing the credit standing of these subsidiaries in light of developments in the months ahead as spin-off plans are put together.

Scene U.S., Page 4

Continued from Page 1

Gold

slipped to 91.0 from Friday's 91.8.

The dollar also climbed to DM 2.2830 from DM 2.2595, and to Sw Fr 1.8535 from Sw Fr 1.8265.

The latest rise in U.S. interest rates partly reflects the smaller than expected fall in the American money supply published on Friday. This has led to concern that the sharp easing in U.S. credit costs has now ended.

The fall in gold—down $11.5 from London's Friday close to $389—took the metal's price to the lowest since November 1979. Then it was on its way up to the short-lived peak of $850 per ounce in January 1980.

Dealers said yesterday that investors were deserting bullion because high dollar interest rates were making prohibitive the cost of holding a non-yielding metal. Signs that U.S. inflation would stay in single figures as the American recession took hold are also dampening demand.

Neither South Africa nor the Soviet Union—the two main producers which increased bullion sales last year—have so far sold more than negligible quantities of gold in 1982, dealers report. South Africa, in particular, has appeared most reluctant to sell at less than $400 an ounce.

Continued from Page 1

ACC

the subsidiary company which held the house and that this is, *prima facie* a breach of the Companies Act. It also alleges that the circular to shareholders was misleading in several important ways.

A big upheaval in the control of Central Television, which has taken over the old ATV franchise in the Midlands and in which Associated holds 51 per cent, may be on the way. Under the 1981 Broadcasting Act, programme contracts may not he controlled by an individual not ordinarily resident in the UK or the EEC or hy a company not registered in the UK or EEC.

Mr Holmes à Court as an Australian would be disqualified from taking over effective control of the franchise and it is expected that Associated's stake in Central will be reduced to under 50 per cent.

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